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Entrepreneurship In America

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Introduction

In the continuing national debate on economic policy, a great deal of attention has focused on entrepreneurship. Who are entrepreneurs? What motivates them? What public policies, if any, can stimulate the contribution entrepreneurs make to economic growth?

Many such inquiries have focused on high technology industries. Yet entrepreneurial activity prevails throughout the economy, invigorating old industries and new, service industries and manufacturing industries, contributing to the growth of local and regional economies throughout the country.

As a contribution to the national dialogue on entrepreneurship, Sentry Insurance commissioned this study. It focuses on entrepreneurship in four industries—precision metalworking, travel agencies, retail hardware, and automotive jobbers. All are structured primarily as small businesses; all have been inadequately studied in terms of entrepreneurial activity and, as this study shows, all display important aspects of the entrepreneurial spirit. This study is designed to illuminate these features and highlight the contribution that entrepreneurship in these industries makes to the economy.

To this end, about 500 owners of businesses in each of the four industries were surveyed in the first quarter of 1984, to ascertain their opinions, attitudes, and behavior in several key areas. Topics covered by the survey include:

- Motivation for starting the business;
- Views on the success of the business;
- Views on the economy in the region;
- Factors relating to commitment to the business;
- Long-range objectives;
- Views on the role of state government in providing assistance to business;
- Management, marketing, and expansion strategies;
- Participation in professional activities;
- Size and scope of the businesses; and
- Demographic characteristics of the owners.

Copies of the questionnaires used in this study are available from Louis Harris and Associates, Inc.

The sample of business owners interviewed in the selected industries falls into three categories, as indicated in Table I-1.

Table 1-1 **Categories of Ownership**

	Automotive Jobbers	Hardware Industry	Precision Metalworking Industry	Travel Agencies
Base	500	502	502	500
	%	%	%	%
Those who are founders of the business	**44**	**34**	**64**	**66**
Those who inherited or took over the business from own or spouse's family	**28**	**29**	**23**	**8**
Those who acquired the business in some other way	**28**	**37**	**13**	**26**

The report is divided into two parts. Part I describes the findings that are most relevant to the understanding of entrepreneurship in all of these industries. Comparisons are made across industries, where appropriate, in the three chapters of Part I. Part II consists of four chapters, each devoted to a specific industry. Current business strategies and practices within each industry, activities participated in by owners, and a profile of the size and scope of businesses in each industry appear in these chapters.

A Note on the Tables

The percentages reported in the tables may not always add to 100% because of rounding or because of nonresponse on the part of some of the interviewees.

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Overview

The Sentry study of entrepreneurship uncovers several important facts about the "typical" entrepreneur from four diverse industries. While some of the findings support traditional beliefs about entrepreneurs and their approach to business, many add dimension and insight into the more complex view of business and its rewards that may be indicative of a fundamental American business spirit.

Views of modern American entrepreneurs are far from homogeneous when it comes to their business, their motivations, and their view of governmental and economic factors that influence their business success. Yet several distinct similarities emerge across all four of the groups surveyed, contributing to a picture of the modern entrepreneur.

The entrepreneurs in this study are tough, scrappy, and competitive risk-takers. But they are not "gamblers." They show a willingness to take substantial personal risk in areas where they have control, and where their conservative planning and projections can offer some hedge against the unpredictable future.

Results indicate that these entrepreneurs currently see themselves as more successful than anticipated and feel they are doing better than their competition. These statements imply that they developed a conservative, "worst-case" projection of the opportunities in their industries before going ahead. It appears that they did not anticipate easy entry into the market; easy access to capital or a perceived lack of competition were not factors that induced them to start the business.

Instead, these entrepreneurs saw a competitive market and anticipated a difficult, slow start. Still, they invested substantial portions of their personal savings and assumed new debt in order to start their business. Most of them today are glad they did. They would recommend entrepreneurship to others.

What motivated these individuals to assume such risks? It appears that most of these entrepreneurs were motivated positively – that is, they did not feel they had to escape from a negative job situation elsewhere. And while some other studies of entrepreneurship have downplayed the appeal of high income as a stimulant, money was a significant motivator for these entrepreneurs.

Considering their conservative views and projections on the income side, however, it seems logical that factors other than money were also significant initially. These entrepreneurs wanted to be their own boss, and they had enough confidence in their own abilities to believe they had a better idea or could do a better job than existing competition. The potential for personal and business recognition was also important.

While their short-term expectations are cautious and conservative, they are an ambitious group whose long-range goals include making an above-average profit in their industry. At the same time, their ambition is tempered to the extent that "just staying in business year in and year out" is another of their significant long-term goals. These entrepreneurs are committed for the long term, and they believe they can succeed in reaching their own expecations. Many have already done so.

This group of entrepreneurs seems relatively uncommitted to the value of a college degree in order to succeed in their field. This is in the face of increasingly complex business sophistication and practices across virtually all categories of business, particularly in technical fields like precision metalworking and automotive parts, where innovation and new technologies are competitive requirements. Perhaps these entrepreneurs believe that the entrepreneurial spirit cannot be taught, that it is something one has or does not have, and that this spirit is the key to success more than specific education or experience.

Finally, and perhaps most significantly, the entrepreneurs would do it again. And they would advise others to do it too. They feel successful beyond their expectations. They have found the benefits and payoffs they were after. They took a risk and feel they have achieved what they set out to do. They look to the future with confidence and optimism.

While entrepreneurs in all four industry groups have a great deal in common, each group has a few characteristics that set it apart from the others. The following vignettes of the four industries illustrate this point:

- Automotive jobbers, more than any other group, founded their business with a clear anticipation of financial rewards. They are bullish about the future of the regional economy and of their own business, despite the fact that the preceding year is not uniformly perceived to have been strong. This bullishness is coupled with long hours of dedication to the enterprise.

- Hardware stores are most likely to be in the hands of owners who did not found or inherit the business. Founders in this industry, more than in any other, are likely to have responded to a market opportunity. Many of them had no prior experience in the hardware field, and many have founded more than one business. They are equally likely to have obtained most of the initial funding for their business from personal savings and from banks.

- The precision metalworking industry is run by specialists. Most of the owners are founders, and most had prior experience in that field before founding the business. They are the least likely of all four groups to have founded more than one business. Most of them have just seen a very good year for the regional economy and for their own business, but they are cautiously optimistic about the future. More than any other group, they consider a college degree necessary for their successor.

- Travel agencies are also highly likely to be run by their founders. They are most likely to have started their business by using their own personal savings. Most have just seen a very strong year in terms of annual revenues, and most are bullish about the future. This group, more than any other, is clearly growth oriented.

Overall findings on entrepreneurship include:

1. **Entrepreneurs were motivated by a desire to make more money, a desire to be their own boss, and a firm conviction about their own ability to run a business.** Other factors behind the decision to start their own business were dissatisfaction with their previous job and a desire to seek recognition for starting a successful business. As a group, the college-educated entrepreneurs tended to find less satisfaction in their previous positions, perhaps because they had higher aspirations.

2. **Prior experience in the respective industries is more evident in the manufacturing sector than in the retail sector.** It is very widespread among precision metalworking founders and fairly widespread among automotive jobber and travel agency founders. However, only a minority of founders of hardware stores had prior work experience in the hardware industry.

3. **Most entrepreneurs have started more than one business.** A clear majority (61%) of founders in the hardware industry have started more than one business. About half the founders in the automotive jobber and travel agency industries have started more than one business, as have a

substantial minority (44%) of those in the precision metalworking industry.

4. **Most entrepreneurs would travel the same path again.** Sizable majorities (78% or more) of founders in all four industries would choose to go into their respective businesses if they had to do it all over again.

5. **The funding for starting the business came primarily from the founders' personal savings, in all industries except hardware.** Hardware store founders were as equally likely to have obtained the major funding for their business from personal savings as from bank loans.

6. **Owners identify strongly with their business.** Over 70% of owners in all industries view themselves as "entrepreneurs," and as many report that they spend most of their time at home thinking about business matters.

7. **For most of the owners (75% or more), the challenge and satisfaction of their work is more important than the income they derive from it.**

8. **The entrepreneurs surveyed spend long hours working at their place of business or traveling on business.** For all industries, owners work more than 50 hours (median number of hours) each week. Among automotive jobbers and hardware store owners, those who have fewer full-time employees put in longer hours at work than those who have more employees.

9. **Entrepreneurs generally believe the regional economy has grown stronger over the past year.** Those in the precision metalworking industry and from travel agencies, in all regions of the country, widely believe that the regional economy is stronger now, compared to a year ago. Hardware store owners, by a smaller majority overall, believe that the regional economy is stronger than it was a year ago, although hardware store owners in the Midwest are less likely to report this than those in other regions. Automotive jobbers are more evenly split on whether or not the economy is stronger compared to a year ago.

10. **Compared to their views concerning the past twelve months, smaller majorities express optimism about the strength of the regional economy over the next twelve months.** Automotive jobbers stand out as expressing more widespread enthusiasm about the future than about the past. Only marginal majorities in the hardware and precision metalworking industries believe the economy will be stronger in the year ahead.

11. **Most entrepreneurs report that their revenues have grown stronger over the past year.** While large majorities (over 70%) in the precision metalworking industry and from travel agencies report that their revenues are stronger than they were a year ago, smaller majorities (53% each) among automotive jobbers and hardware store owners report stronger earnings.

12. **Clear majorities (ranging from 61% to 78%) in all industries are optimistic about growth in their gross revenues in the next twelve months.** This optimism is particularly strong among travel agents. Moreover, in each of the industries, a significantly larger majority are bullish about revenue growth for their own enterprise than are optimistic about the regional economy over the next twelve months.

13. **Overall, entrepreneurs in each industry view themselves as more successful than their competitors.** Predictably, those with higher 1983 gross revenues are more likely to have this view than those with lower gross revenues. It is noteworthy that less than 10% in any category consider themselves *less* successful than their competitors.

14. **Majorities in all four industries view themselves as successful beyond their own expectations.** While about 10% in the industries other than hardware say they are less successful than they expected to be, 15% of the hardware store owners admit this.

15. **Entrepreneurs believe that business and personal taxes are too high.** The greatest dissatisfaction with these taxes is evident among respondents from the East and Midwest.

16. **Long-range objectives in these industries range from simply staying in business year in and year out to achieving major growth of the business.** While majorities in large and small companies include the entire range of objectives in their long-term plans, those in larger companies are more likely to be planning for growth than those in smaller companies.

17. **The majority of entrepreneurs do not feel that it is necessary for their successor to have a college degree.** The only exception is the group of college graduates in the precision metalworking industry, the majority of whom feel that a college degree is necessary.

18. **More entrepreneurs would advise a young person to start a business in their field than would advise against it.** This is true for all industries except travel agencies. Travel agents are more likely to advise against starting a travel agency.

Part I. Overall Findings On Entrepreneurship

1: The Beginning—Why and How the Business Was Founded

This chapter examines the prevailing conditions under which the entrepreneurial decision was made, as well as other factors related to the founding of the business.

The Impetus for Founding a Business

Founders of businesses in all four industries—automotive jobbers, hardware stores, the precision metalworking industry, and travel agencies—were asked to indicate how closely each of several statements describes their own situation when they decided to start their business. The findings clearly indicate that the driving force behind the inception of most of these businesses was a combination of a need for self-fulfillment, a desire for financial reward, and a firm conviction about how the business should be run.

"I wanted to be my own boss" is a statement that well over 80% of the founders in each industry feel "very" or "somewhat" closely describes their feelings as they contemplated starting their own business.

While the desire "to make more money" was a motivating factor for large majorities in all four industries, the majorities are smaller among travel agents (76% "very" or "somewhat" closely; 23% "not very" or "not closely at all") and in the precision metalworking industry (78-21%) than among hardware store owners (86-13%) and automotive jobbers (88-12%).

Clear majorities (ranging from 67% to 75%) of founders in all four industries also report that the statement, "I thought I had a better idea about running this kind of business than prospective competitors," closely describes their own motivation for starting their business. With the exception of founders of travel agencies, large majorities in the other industries also cite more security for their families as a motivating factor behind their decision to go into business for themselves. Travel agents cite this reason by a slender 52-46% majority.

These four factors—namely, a desire to be one's own boss, a desire to make more money, a desire for greater security for one's family, and a conviction that one has a better idea about running a business than prospective competitors—are predominant in virtually

all industries, irrespective of the educational background of the founder.

On the other hand, only small minorities report that they had friends who offered to lend them money to start their own business. In fact, as will be discussed later in this chapter, in most instances the initial funding for the business came primarily from the personal savings of the founder.

Besides the five factors examined so far, five others—no opportunities for growth at a previous job, a desire to achieve recognition for starting a successful business, encouragement from potential customers, boredom with a previous job, and an existing gap in the market—have played some role in the entrepreneurial decision. The role of the ten factors is described, by industry, in Tables 1-1 through 1-4.

Table 1-1 **Situations Surrounding the Founding of the Business: Automotive Jobbers**
Base: Founders

Q.: Please tell me how closely each of the following statements describes your own situation when you decided to start this business—very closely, somewhat closely, not very closely, or not closely at all.

	Total Automotive Jobbers		
	Very Closely	Somewhat Closely	Not Very/Not Closely at All
Base: 221	%	%	%
I wanted more security for my family	64	19	17
I wanted to make more money	61	27	12
I wanted to be my own boss	60	25	15
I thought I had a better idea about running this kind of business than prospective competitors	53	22	24
I had potential customers who encouraged me to start my own business	38	13	48
There were no opportunities for growth in my previous job	35	16	43
I wanted to achieve recognition for starting a successful business	34	20	44
I was bored with my previous job	26	12	58
There was no other business like this in my community	21	13	66
I had friends who offered to lend me the money to start my own business	17	10	73

Table 1-2 **Situations Surrounding the Founding of the Business: Hardware Industry**
Base: Founders

Q.: Please tell me how closely each of the following statements describes your own situation when you decided to start this business – very closely, somewhat closely, not very closely, or not closely at all.

	Total Hardware Industry		
	Very Closely	Somewhat Closely	Not Very/ Not Closely at All
Base: 167	%	%	%
I wanted to be my own boss	67	21	12
I wanted to make more money	59	27	13
I wanted more security for my family	50	21	29
I thought I had a better idea about running this kind of business than prospective competitors	41	30	27
I wanted to achieve recognition for starting a successful business	30	24	46
There was no other business like this in my community	30	14	54
I was bored with my previous job	26	15	55
There were no opportunities for growth in my previous job	21	17	59
I had potential customers who encouraged me to start my own business	13	15	71
I had friends who offered to lend me the money to start my own business	7	4	89

Table 1-3 **Situations Surrounding the Founding of the Business: Precision Metalworking Industry**
Base: Founders

Q.: Please tell me how closely each of the following statements describes your own situation when you decided to start this business—very closely, somewhat closely, not very closely, or not closely at all.

	Total Precision Metalworking Industry		
	Very Closely	Somewhat Closely	Not Very Not Closely at All
Base: 323	%	%	%
I wanted to be my own boss	61	22	17
I wanted to make more money	49	29	21
I wanted more security for my family	43	21	36
I thought I had a better idea about running this kind of business than prospective competitors	41	26	32
There were no opportunities for growth in my previous job	36	22	41
I was bored with my previous job	28	15	56
I wanted to achieve recognition for starting a successful business	25	23	50
I had potential customers who encouraged me to start my own business	25	14	60
There was no other business like this in my community	15	9	74
I had friends who offered to lend me the money to start my own business	9	8	83

Table 1-4 **Situations Surrounding the Founding of the Business: Travel Agencies**
Base: Founders

Q.: Please tell me how closely each of the following statements describes your own situation when you decided to start this business – very closely, somewhat closely, not very closely, or not closely at all.

	Total Travel Agencies		
	Very Closely	Somewhat Closely	Not Very Not Closely at All
Base: 331	%	%	%
I wanted to be my own boss	63	21	15
I thought I had a better idea about running this kind of business than prospective competitors	50	25	24
I wanted to make more money	43	33	23
There were no opportunities for growth in my previous job	39	17	41
I had potential customers who encouraged me to start my own business	36	15	48
I wanted more security for my family	31	21	46
I wanted to achieve recognition for starting a successful business	29	24	46
I was bored with my previous job	22	17	59
There was no other business like this in my community	15	8	75
I had friends who offered to lend me the money to start my own business	13	8	77

While the desire to be one's own boss, the desire to make more money, the desire for greater security, and the conviction that one has a better idea about running the business are the predominant factors in all industries, several other factors may have played a role in the entrepreneurial decision. The relative importance of these other factors differs to some extent by industry, but more important differences are found by the educational background of the founder.

For automotive jobbers, the factors that influenced the entrepreneurial decision for founders with various educational backgrounds are as follows (Table 1-5):

- A majority of those with a college degree say they were bored with their previous job.
- At least 50% of those with a high school diploma or some college experience report that there were no opportunities for growth in their previous job, that they wanted to achieve recognition for starting a successful business, or that they had potential customers who encouraged them to start their own business.
- A large majority of those without a high school diploma say they sought to achieve recognition for starting a successful business. (The reader should note that these findings are based on interviews with only 21 founders without a high school diploma.)

Table 1-5 **Situations Surrounding the Founding of the Business, by Education: Automotive Jobbers**
Base: Founders

Q.: Please tell me how closely each of the following statements describes your own situation when you decided to start this business – very closely, somewhat closely, not very closely, or not closely at all.

		Education			
	Total Automotive Jobbers	Some High School or Less	High School Graduate	Some College	Four-Year College Graduate or More
Base	221	21**	101	66	31
	%	%	%	%	%
Describes "Very" or "Somewhat" Closely:					
I wanted to make more money	88	85	92	82	87
I wanted to be my own boss	85	81	83	87	93
I wanted more security for my family	83	86	86	82	75
I thought I had a better idea about running this kind of business than prospective competitors	75	81	75	74	74
There were no opportunities for growth in my previous job	51	33	57	54	42
I wanted to achieve recognition for starting a successful business	54	77	59	50	39
I had potential customers who encouraged me to start my own business	51	47	53	58	39
I was bored with my previous job	38	43	33	35	64
There was no other business like this in my community	34	33	37	31	29
I had friends who offered to lend me the money to start my own business	27	24	27	28	29

****The findings for this group should be interpreted with caution because of the small sample size.**

For hardware store owners, modest majorities of founders, irrespective of educational background, report that they wanted to achieve recognition for starting a successful business. Founders with different educational backgrounds also report different circumstances surrounding their decision (Table 1-6):

- A majority of those with a college degree say they were bored with their previous job.
- A majority of those with a high school diploma report that when they started their business, there was no other business like it in the community.

Table 1-6 **Situations Surrounding the Founding of the Business, by Education: Hardware Industry**
Base: Founders

Q.: Please tell me how closely each of the following statements describes your own situation when you decided to start this business – very closely, somewhat closely, not very closely, or not closely at all.

		Education			
	Total Hardware Industry	Some High School or Less	High School Graduate	Some College	Four-Year College Graduate or More
Base	167	10	58	45	54
	%	%	%	%	%
Describes "Very" or "Somewhat" Closely:					
I wanted to be my own boss	**88**	**X**	**84**	**87**	**95**
I wanted to make more money	**86**	**X**	**81**	**91**	**87**
I wanted more security for my family	**71**	**X**	**70**	**75**	**68**
I thought I had a better idea about running this kind of business than prospective competitors	**71**	**X**	**64**	**70**	**81**
I wanted to achieve recognition for starting a successful business	**54**	**X**	**57**	**51**	**53**
There was no other business like this in my community	**44**	**X**	**53**	**45**	**30**
I was bored with my previous job	**41**	**X**	**36**	**41**	**53**
There were no opportunities for growth in my previous job	**38**	**X**	**31**	**45**	**38**
I had potential customers who encouraged me to start my own business	**28**	**X**	**41**	**20**	**21**
I had friends who offered to lend me the money to start my own business	**11**	**X**	**21**	**4**	**6**

X = Subgroup sample size is too small for meaningful analysis.

In the precision metalworking industry, other factors cited by majorities of founders with different educational backgrounds are as follows (Table 1-7):

- At least 50% of those who have had some college experience acknowledge that they were bored with their previous job, had no opportunities for growth in that job, or sought to achieve recognition for starting a successful business.

- A majority of those with a high school diploma report that they were in a job with no opportunities for growth.

- Modest majorities of those without a high school diploma report that they saw no opportunities for growth in their previous job or wanted to achieve recognition for starting a successful business.

- Those with a college degree do not cite any of these factors by a clear majority. However, large minorities say they were in no-growth jobs or sought to achieve recognition by starting a successful business.

Table 1-7 **Situations Surrounding the Founding of the Business, by Education: Precision Metalworking Industry**
Base: Founders

Q.: Please tell me how closely each of the following statements describes your own situation when you decided to start this business – very closely, somewhat closely, not very closely, or not closely at all.

	Total Precision Metal-working Industry	Education			
		Some High School or Less	High School Graduate	Some College	Four-Year College Graduate or More
Base	323	47	139	86	50
	%	%	%	%	%
Describes "Very" or "Somewhat" Closely:					
I wanted to be my own boss	**83**	**77**	**83**	**87**	**80**
I wanted to make more money	**78**	**75**	**80**	**83**	**70**
I thought I had a better idea about running this kind of business than prospective competitors	**67**	**70**	**64**	**68**	**68**
I wanted more security for my family	**64**	**77**	**60**	**69**	**54**
There were no opportunities for growth in my previous job	**58**	**53**	**62**	**59**	**46**
I wanted to achieve recognition for starting a successful business	**48**	**57**	**42**	**52**	**48**

(Continued)

Table 1-7 (Continued) **Situations Surrounding the Founding of the Business, by Education: Precision Metalworking Industry**
Base: Founders

Q.: Please tell me how closely each of the following statements describes your own situation when you decided to start this business – very closely, somewhat closely, not very closely, or not closely at all.

	Total Precision Metal-working Industry	Education			
		Some High School or Less	High School Graduate	Some College	Four-Year College Graduate or More
Base	323	47	139	86	50
	%	%	%	%	%
I was bored with my previous job	**43**	**38**	**41**	**50**	**40**
I had potential customers who encouraged me to start my own business	**39**	**45**	**37**	**43**	**34**
There was no other business like this in my community	**24**	**30**	**18**	**28**	**30**
I had friends who offered to lend me the money to start my own business	**17**	**23**	**11**	**20**	**22**

When it comes to educational background, founders of travel agencies are a more homogeneous group than founders in other industries. Almost all of them have at least a high school diploma, and most of them have a college degree. There are, however, some minor variations in the responses of those with different educational backgrounds (Table 1-8):

- Although majorities in all groups report that there were no opportunities for growth in their previous job, those without a college degree are more likely to feel this way than those with a college degree.
- While over half of those with a high school diploma and those with some college experience report they received encouragement from potential customers to start their own business, slightly less than half the college graduates feel that this closely describes their situation.
- A little more than half across the board report that they wanted to achieve recognition for starting a successful business.

Table 1-8 **Situations Surrounding the Founding of the Business, by Education: Travel Agencies**
Base: Founders

Q.: Please tell me how closely each of the following statements describes your own situation when you decided to start this business – very closely, somewhat closely, not very closely, or not closely at all.

		Education			
	Total Travel Agencies	Some High School or Less	High School Graduate	Some College	Four Year College Graduate or More
Base	331	2	58	93	177
	%	%	%	%	%
Describes "Very" or "Somewhat" Closely:					
I wanted to be my own boss	**84**	**X**	**80**	**86**	**85**
I wanted to make more money	**76**	**X**	**73**	**81**	**74**
I thought I had a better idea about running this kind of business than prospective competitors	**75**	**X**	**76**	**73**	**76**
There were no opportunities for growth in my previous job	**56**	**X**	**62**	**58**	**52**
I wanted to achieve recognition for starting a successful business	**53**	**X**	**53**	**53**	**54**
I wanted more security for my family	**52**	**X**	**50**	**60**	**49**
I had potential customers who encouraged me to start my own business	**51**	**X**	**57**	**57**	**46**
I was bored with my previous job	**39**	**X**	**33**	**42**	**40**
There was no other business like this in my community	**23**	**X**	**9**	**28**	**25**
I had friends who offered to lend me the money to start my own business	**21**	**X**	**14**	**30**	**19**

X = Subgroup sample size is too small for meaningful analysis.

Observation:
The picture that emerges from these findings is one of the entrepreneur, regardless of his specific industry, being moved primarily by his or her own drive to be independent and successful, and secondarily by such external forces as an unsatisfactory work situation or encouragement from potential clients.

What is surprising, however, is that the majority did not view their entry into the field as specifically filling a market gap. Founders of hardware stores are more likely than those in other industries to have responded to a market gap; 44% of them report that "there was no other business like this" in their community. The corresponding percentages for the other groups range from 23% to 34%.

The Role of Prior Experience in the Business

Is previous experience in the business an essential component of the entrepreneurial profile? The answer to that question varies by industry. In general, it appears that the more specialized the skills required to function effectively in the industry, the more essential it is to have previous experience in the business. As indicated in Table 1-9, very few founders (12%) went into the precision metalworking business without any prior experience, and relatively few founders (33%) opened shop as automotive jobbers without prior experience in that industry. Considerably more (41%) opened travel agencies with no prior work experience in the business, and a majority (59%) of hardware store owners had never been employed in that industry. The finding for hardware store founders reinforces one reported earlier: hardware store founders are more likely than others to have opened the business, without much background experience, to fill an existing need or gap in the marketplace.

Table 1-9 **Prior Experience in the Business**
Base: Founders

Q.: Were you ever employed in this type of business before starting this company, or not?

	Automotive Jobbers	Hardware Industry	Precision Metalworking Industry	Travel Agencies
Base	221	169	323	331
	%	%	%	%
Employed in this business before starting company	**67**	**40**	**88**	**58**
Never employed in this business before starting company	**33**	**59**	**12**	**41**

Number of Businesses Founded

Sizable numbers of founders in all industries report that they have started more than one business. As is evident in Table 1-10, hardware store founders stand out as the group most likely to have started more than one business; in fact, fully 42% have started *three* or more businesses, including the one they were at when the survey was conducted (Table 1-10).

Table 1-10 **Number of Businesses Founded or Cofounded, Excluding Current Business**
Base: Founders

Q.: Not counting this one, how many businesses have you founded or cofounded in your lifetime?

	Automotive Jobbers	Hardware Industry	Precision Metalworking Industry	Travel Agencies
Base	221	166	323	331
	%	%	%	%
None	**48**	**40**	**55**	**49**
One	**16**	**19**	**15**	**18**
Two	**19**	**22**	**15**	**14**
Three or more	**17**	**20**	**14**	**19**

Observation:
It appears that there is an inverse correlation between the level of expertise—prior experience and apprenticeship—necessary to function in a particular business and the likelihood of having started more than one business. Hardware store owners, who are least likely to have prior experience in their industry, are most likely to have started more than one business. Conversely, those in the precision metalworking industry, who are most likely to have prior experience, are least likely to have started more than one business.

Attitudes Toward Doing It All Over Again

Resounding majorities (78% or more) of founders in all four industries report that, based on their overall experience in the business, they *would* go into that business if they had to do it all over again. Very small minorities (15% or less) say they would not do it all over again, and even smaller minorities (8% or less) are noncommittal on the subject (Table 1-11).

Predictably, those who say they are more successful than they expected to be are even more likely to choose to do it all over again (Table 1-12).

Table 1-11 **Attitude Toward Going Into the Business if They Had To Do It Over Again**
Base: Founders

Q.: Thinking about your overall experience in this business, if you had it to do all over again, would you go into this business, or wouldn't you?

	Automotive Jobbers	Hardware Industry	Precision Metalworking Industry	Travel Agencies
Base	221	167	323	331
	%	%	%	%
Would go into this business	**81**	**84**	**78**	**80**
Would not go into this business	**13**	**11**	**15**	**14**
Depends (vol.)	**5**	**3**	**6**	**4**
Not sure/refused	**1**	**1**	**2**	**2**

Table 1-12 **Attitude of Those Who Are More Successful Than Expected Toward Doing It Over Again**
Base: Founders who consider themselves more successful than expected

Q.: Thinking about your overall experience in this business, if you had it to do all over again, would you go into this business, or wouldn't you?

	Automotive Jobbers	Hardware Industry	Precision Metalworking Industry	Travel Agencies
Base	158	110	202	222
	%	%	%	%
Would go into this business	**85**	**90**	**82**	**84**
Would not go into this business	**11**	**5**	**11**	**12**
Depends (vol.)	**3**	**4**	**5**	**2**
Not sure/refused	**1**	**1**	**1**	**2**

Number of Employees in the Business When Founded

The founders in all four industries started with very few full-time employees, and in many instances, the founder was the only full-time employee. Moreover, starting the business with part-time employees was the exception rather than the norm (Table 1-13).

Specifically, while 23% of the automotive jobbers started their business with only one full-time employee (the founder himself, in all probability), 34% had two employees, 25% had three, and only 19% had four or more employees (including the founder).

Founders of hardware stores differ from the other groups in that they are most likely to have started big. While 25% started as a one-person operation, fully 36% started with four or more full-time employees (including the founder). This probably reflects a demand for competitive retail and service hours in this industry.

Businesses in the precision metalworking industry tended to start small, with 38% reporting that they began as a one-person operation. Twenty-eight percent started as a two-person operation, 17% started as a three-person operation, and 17% had four or more full-time employees (including the founder).

Only 15% of the travel agencies started as a one-person business, but fully 41% began as a two-person operation, and 29% had three employees. Only 14% of travel agencies started with four or more full-time employees (including the founder).

Table 1-13 **Number of Full-Time and Part-Time Employees When Business Was Started**
Base: Founders

Q.: When you started the business, how many employees, including yourself, worked full-time for the company?

Q.: And how many worked part-time?

	Automotive Jobbers	Hardware Industry	Precision Metalworking Industry	Travel Agencies
Base	221	167	323	331
	%	%	%	%
Full-Time Employees:				
1	23	25	38	15
2	34	21	28	41
3	25	18	17	29
4	8	12	6	8
5	5	6	5	3
6 or more	6	18	6	3
Part-Time Employees:				
0	69	41	61	54
1	23	21	18	22
2	5	22	10	12
3 or more	2	15	10	11

Sources of Funding

The two major sources of funding used by the founders in the four industries were personal savings and bank loans (Table 1-14).

Fully 76% of founders of travel agencies report that at least half the money to start their business came out of their personal savings, with 60% reporting that *all* the money came out of their personal savings. Only 13% of travel agents report having obtained the major portion of their funding through bank loans, and even fewer obtained it from other sources, such as family and friends.

The majority (70%) of founders in the precision metalworking industry also report that at least half the funding for their business came from personal savings, with 54% reporting that *all* the funding came from this source. Fully 23% received at least half their funding through bank loans, and relatively few received the major portion of their funding from other sources.

While 48% of hardware store founders report that at least half the funding for their business came from personal savings, 49% report that the major funding came from bank loans. Only 23% report that they started their business *entirely* with personal funds. Other sources provided the bulk of the funding in very few instances.

Among automotive jobbers, 44% report that at least half of their funding came from personal savings, and 39% report that at least half came from bank loans. Only 28% report that *all* of the funding came from personal savings, and small percentages name various other sources as having provided the major funding.

Observation:
The retail businesses seem to depend more heavily on bank loans than the manufacturing and service industries included in the survey. While the survey did not delve into the reasons for using specific sources of funding, one can speculate that the startup costs were higher for the automotive jobbers and hardware stores than they were for the precision metalworking businesses and travel agencies. The latter two groups, for the most part, are more likely to have used their own personal resources as the major source of funding.

Table 1-14 **Sources From Which Half or More of Initial Funding Came**
Base: Founders

Q.: About what percentage of the funds you used to start this business did you get (READ EACH ITEM)?

	Automotive Jobbers	Hardware Industry	Precision Metalworking Industry	Travel Agencies
Base	221	169	323	331
	%	%	%	%
Half or More Came:				
From personal savings	**44**	**48**	**70**	**76**
From family members	**5**	**7**	**6**	**9**
From friends	**3**	**2**	**2**	**4**
Through bank loans	**39**	**49**	**23**	**13**
Through government loans	**1**	**2**	*	–
From other sources	**14**	**5**	**6**	**7**

*Less than 0.5%.

2: The Present—Views on the Business, the Economy, and the State Government

All owners, regardless of whether they actually founded the business, were asked how closely each of four statements describes their attitudes toward their business (Tables 2-1 through 2-5).

Majorities (ranging from 72% to 79% across the four industries) view themselves as "entrepreneurs," regardless of whether they founded the business, inherited it, or acquired it in some other fashion. "I would classify myself as an entrepreneur" is a statement that 50% of the travel agents and 48% of those in the precision metalworking industry feel describes their own view *very* closely, while 44% of automotive jobbers and 38% of hardware store owners feel this way.

The dedication of owners to their business is striking, as witnessed by the amount of time they spend on business matters. Large majorities (ranging from 72% to 79% across the four industries) say that the statement, "I think about business matters most of the time I am home," describes themselves "very" or "somewhat" closely.

Similarly large majorities (ranging from 75% to 83% across the four industries) say that the challenge and satisfaction of their work is more important to them than the income they derive from it.

On the other hand, decidedly smaller majorities (ranging from 62% to 69% across the four industries) feel that being their own boss and taking risks is more important to them than financial security.

Not only is there a fair amount of uniformity *across* industries in how the owners view themselves, but there also seems to be very little difference *within* each industry—founders, those who consider themselves more successful than expected, and respondents overall differ little in their responses to the four statements.

Table 2-1 **How Owners View Themselves in Relation to Their Business**

Q.: Now I'd like to read you several statements. For each, please tell me how closely the statement describes you or your views—very closely, somewhat closely, not very closely, or not closely at all.

	Automotive Jobbers	Hardware Industry	Precision Metalworking Industry	Travel Agencies
Base	500	502	502	500
	%	%	%	%
Being my own boss and taking risks is more important to me than financial security				
Very closely	30	24	31	28
Somewhat closely	32	41	38	37
Not very/not closely at all	35	31	28	33
I think about business matters most of the time I am home				
Very closely	40	36	43	41
Somewhat closely	34	36	32	38
Not very/not closely at all	26	28	24	20
The challenge and satisfaction of my work is more important to me than the income I derive from it				
Very closely	44	34	38	45
Somewhat closely	34	41	45	35
Not very/not closely at all	20	22	15	17
I would classify myself as an entrepreneur				
Very closely	44	38	48	50
Somewhat closely	30	34	31	27
Not very/not closely at all	20	17	13	17

Table 2-2 **How Owners View Themselves in Relation to Their Business: Automotive Jobbers**

Q.: Now I'd like to read you several statements. For each, please tell me how closely the statement describes you or your views—very closely, somewhat closely, not very closely, or not closely at all.

	Total Automotive Jobbers	Founders	Those Who Consider Themselves More Successful Than Expected
Base	500	221	342
	%	%	%
Being my own boss and taking risks is more important to me than financial security			
Very closely	30	29	32
Somewhat closely	32	32	34
Not very/not closely at all	35	37	33
I think about business matters most of the time I am home			
Very closely	40	36	41
Somewhat closely	34	35	35
Not very/not closely at all	26	28	24
The challenge and satisfaction of my work is more important to me than the income I derive from it			
Very closely	44	46	46
Somewhat closely	34	29	34
Not very/not closely at all	20	24	19
I would classify myself as an entrepreneur			
Very closely	44	43	46
Somewhat closely	30	32	31
Not very/not closely at all	20	19	16

Table 2-3 How Owners View Themselves in Relation to Their Business: Hardware Industry

Q.: Now I'd like to read you several statements. For each, please tell me how closely the statement describes you or your views—very closely, somewhat closely, not very closely, or not closely at all.

	Total Hardware Industry	Founders	Those Who Consider Themselves More Successful Than Expected
Base	502	167	287
	%	%	%
Being my own boss and taking risks is more important to me than financial security			
Very closely	24	30	27
Somewhat closely	41	37	40
Not very/not closely at all	31	31	31
I think about business matters most of the time I am home			
Very closely	36	44	36
Somewhat closely	36	36	39
Not very/not closely at all	28	20	26
The challenge and satisfaction of my work is more important to me than the income I derive from it			
Very closely	34	41	36
Somewhat closely	41	33	42
Not very/not closely at all	22	21	19
I would classify myself as an entrepreneur			
Very closely	38	39	40
Somewhat closely	34	35	35
Not very/not closely at all	17	16	14

Table 2-4 **How Owners View Themselves in Relation to Their Business: Precision Metalworking Industry**

Q.: Now I'd like to read you several statements. For each, please tell me how closely the statement describes you or your views—very closely, somewhat closely, not very closely, or not closely at all.

	Total Precision Metalworking Industry	Founders	Those Who Consider Themselves More Successful Than Expected
Base	502	323	311
	%	%	%
Being my own boss and taking risks is more important to me than financial security			
Very closely	**31**	**33**	**31**
Somewhat closely	**38**	**36**	**37**
Not very/not closely at all	**28**	**28**	**28**
I think about business matters most of the time I am home			
Very closely	**43**	**43**	**44**
Somewhat closely	**32**	**31**	**31**
Not very/not closely at all	**24**	**26**	**25**
The challenge and satisfaction of my work is more important to me than the income I derive from it			
Very closely	**38**	**41**	**41**
Somewhat closely	**45**	**43**	**42**
Not very/not closely at all	**15**	**15**	**17**
I would classify myself as an entrepreneur			
Very closely	**48**	**52**	**51**
Somewhat closely	**31**	**31**	**29**
Not very/not closely at all	**13**	**12**	**12**

Table 2-5 **How Owners View Themselves in Relation to Their Business: Travel Agencies**

Q.: Now I'd like to read you several statements. For each, please tell me how closely the statement describes you or your views – very closely, somewhat closely, not very closely, or not closely at all.

	Total Travel Agencies	Founders	Those Who Consider Themselves More Successful Than Expected
Base	500	331	329
	%	%	%
Being my own boss and taking risks is more important to me than financial security			
Very closely	**28**	**28**	**28**
Somewhat closely	**37**	**37**	**37**
Not very/not closely at all	**33**	**32**	**32**
I think about business matters most of the time I am home			
Very closely	**41**	**43**	**40**
Somewhat closely	**38**	**36**	**39**
Not very/not closely at all	**20**	**20**	**21**
The challenge and satisfaction of my work is more important to me than the income I derive from it			
Very closely	**45**	**50**	**47**
Somewhat closely	**35**	**33**	**36**
Not very/not closely at all	**17**	**16**	**15**
I would classify myself as an entrepreneur			
Very closely	**50**	**54**	**51**
Somewhat closely	**27**	**26**	**27**
Not very/not closely at all	**17**	**14**	**16**

Time Spent on Business Matters

Business owners in these industries clearly do not limit themselves to a five-day, nine-to-five workweek.

The majority (about 60%) of automotive jobbers, hardware store owners, and those in the precision metalworking industry spend in excess of fifty hours per week, either at their place of business or traveling on business.

Table 2-6 indicates that the median number of hours per week that automotive jobbers spend at their business is 58.5. This group also spends a median of 4.0 hours a week working on business matters when they are home. However, fully 34% spend no time on business when they are home.

Hardware store owners spend a median of 55.4 hours at work and a median of 4.9 hours on business at home, with 25% reporting that they never work on business at home.

Business owners in the precision metalworking industry spend a median of 55.5 hours at work and a median of 5.2 hours working at home on business. Fully 26% do not spend any time on business when they are home.

The pattern for owners of travel agencies is a little different. While they spend less time at their place of work—a median of 50.1 hours—than the other groups, they spend a little more time on business at home—a median of 5.4 hours per week. And only 18% of them report that they never work on business at home.

A question that comes to mind when looking at these figures is whether those who have relatively few employees work longer hours than those who have more employees. The data presented in Table 2-7 indicate that while this hypothesis is generally true in the automotive jobber and hardware store industries, the pattern is the opposite among travel agents. In that industry, while the overall majority spend 50 hours or fewer per week at work, among those with eleven or more employees, the majority put in a longer workweek.

Table 2-6 **Number of Hours Per Week Spent on Business at Work and at Home**

Q.: During the typical week, about how many hours do you spend in your place of business or traveling on business?

Q.: During the typical week, about how many hours, if any, do you spend on your business while you are at home?

	Automotive Jobbers	Hardware Industry	Precision Metalworking Industry	Travel Agencies
Base	500	501	502	500
Median number of hours spent working at place of business or traveling on business	**58.5**	**55.4**	**55.5**	**50.1**
Median number of hours spent working on business at home	**4.0**	**4.9**	**5.2**	**5.4**
Percent who do not work on business at home	**34%**	**25%**	**26%**	**18%**

Table 2-7 Time Spent at Place of Business or Traveling on Business, by Employee Size

Q.: During the typical week, about how many hours do you spend in your place of business or traveling on business?

	Base	50 Hours Per Week or Fewer	More Than 50 Hours Per Week
		%	%
Automotive Jobbers			
Total	500	39	61
Full-Time Employees			
5 or fewer	224	36	64
6-15	199	40	61
16 or more	77	44	56
Hardware Industry			
Total	501	38	61
Full-Time Employees			
5 or fewer	202	32	66
6-25	260	41	58
26 or more	39	47	53
Precision Metalworking Industry			
Total	502	39	60
Full-Time Employees			
5 or fewer	89	46	54
6-15	196	36	63
16-30	106	41	60
31 or more	111	39	60
Travel Agencies			
Total	500	60	40
Full-Time Employees			
5 or fewer	280	65	34
6-10	111	62	37
11 or more	107	44	57

Views on the Strength of the Economy Compared to a Year Ago

When asked for an assessment of the strength of the economy, compared to a year ago, in the area in which most of their customers are located (Tables 2-8 through 2-11), the findings for the four regions are as follows:[1]

The East: Automotive jobbers, by 51%, feel the regional economy is stronger than it was a year ago, 26% feel it is about the same, and 22% feel it is weaker. Larger majorities in the other three industries have seen the economy improve over the past year. By a 69-20-11% majority, hardware store owners believe the economy is stronger. Those in the precision metalworking industry hold this view by a 77-13-9% majority, and travel agents hold this view by a 75-19-5% majority.

The Midwest: By 50-29-20%, automotive jobbers are divided on whether the regional economy is stronger than it was a year ago. Hardware store owners are divided, by 50-34-15%, on this question. On the other hand, an 89-7-4% majority of those in the precision metalworking industry and a 76-17-6% majority of travel agents believe the economy is stronger than is was a year ago.

The South: A clear 56-36-8% majority of automotive jobbers and a higher 59-29-10% majority of hardware store owners believe that the regional economy has grown stronger over the past year. Even higher majorities of those in the precision metalworking industry (77-15-7%) and of travel agents (72-15-10%) share this view.

The West: Clear majorities in all four industries have seen the economy grow stronger over the past year. As in the South, these majorities are smaller among automotive jobbers and hardware store owners than they are in the other industries. Specifically, a 55-29-15% majority of automotive jobbers and a 58-19-22% majority of hardware store owners view the economy as having grown stronger, while an 83-7-8% majority of those in the precision metalworking industry and an 82-15-3% majority of travel agents feel this way.[2]

Observation:
Nationally, the optimism of owners of precision metalworking businesses is conspicuous in these comparisons. Fully 4 in 10 owners in this industry say the economy in their area is *much* stronger than a year ago, reflecting the lag in the recovery of capital-intensive industries and the businesses that supply them. For automotive jobbers and hardware store owners, the recovery is already old news – and their optimism is more subdued as a result.

[1]The states comprising each region are listed in the Appendix to this report.
[2]It should be noted that only 6% of respondents from the precision metalworking industry are located in the West.

Table 2-8 **Assessment of the Strength of the Economy Compared to a Year Ago: Automotive Jobbers**

Q.: Compared to a year ago, would you say the economy *in the area in which most of your customers are located* is now much stronger, somewhat stronger, about the same, somewhat weaker, or much weaker?

	Total Automotive Jobbers	Region			
		East	Midwest	South	West
Base	500	109	151	177	63
	%	%	%	%	%
Much stronger	**15**	**11**	**14**	**18**	**14**
Somewhat stronger	**38**	**40**	**36**	**38**	**41**
About the same	**31**	**26**	**29**	**36**	**29**
Somewhat weaker	**10**	**12**	**13**	**7**	**10**
Much weaker	**5**	**10**	**7**	**1**	**5**

Table 2-9 **Assessment of the Strength of the Economy Compared to a Year Ago: Hardware Industry**

Q.: Compared to a year ago, would you say the economy *in the area in which most of your customers are located* is now much stronger, somewhat stronger, about the same, somewhat weaker, or much weaker?

	Total Hardware Industry	Region			
		East	Midwest	South	West
Base	502	100	215	129	58
	%	%	%	%	%
Much stronger	**13**	**16**	**9**	**15**	**14**
Somewhat stronger	**44**	**53**	**41**	**44**	**44**
About the same	**28**	**20**	**34**	**29**	**19**
Somewhat weaker	**11**	**8**	**11**	**8**	**19**
Much weaker	**3**	**3**	**4**	**2**	**3**

Table 2-10 **Assessment of the Strength of the Economy Compared to a Year Ago: Precision Metalworking Industry**

Q.: Compared to a year ago, would you say the economy *in the area in which most of your customers are located* is now much stronger, somewhat stronger, about the same, somewhat weaker, or much weaker?

	Total Precision Metalworking Industry	Region			
		East	Midwest	South	West
Base	502	164	226	84	28
	%	%	%	%	%
Much stronger	**40**	**40**	**44**	**25**	**54**
Somewhat stronger	**42**	**37**	**45**	**52**	**29**
About the same	**11**	**13**	**7**	**15**	**7**
Somewhat weaker	**5**	**6**	**3**	**6**	**4**
Much weaker	**2**	**3**	**1**	**1**	**4**

Table 2-11 **Assessment of the Strength of the Economy Compared to a Year Ago: Travel Agencies**

Q.: Compared to a year ago, would you say the economy *in the area in which most of your customers are located* is now much stronger, somewhat stronger, about the same, somewhat weaker, or much weaker?

	Total Travel Agencies	Region			
		East	Midwest	South	West
Base	500	109	112	148	131
	%	%	%	%	%
Much stronger	**28**	**25**	**29**	**30**	**27**
Somewhat stronger	**48**	**50**	**47**	**42**	**55**
About the same	**16**	**19**	**17**	**15**	**15**
Somewhat weaker	**5**	**4**	**5**	**8**	**2**
Much weaker	**1**	**1**	**1**	**2**	**1**

Predictions of the Strength of the Economy a Year From Now

Overall, the views on the direction the regional economy will take in the next twelve months reveal a reserved optimism (Tables 2-12 through 2-15). The predictions shape up as follows for the four regions:

The East: While 47% of the automotive jobbers believe the economy in their region will get stronger over the next year, 29% anticipate no change, and only 12% predict a downturn. The corresponding percentages among hardware store owners are 52-29-7%; in the precision metalworking industry, the percentages are 57-25-5%; the percentages are 62-20-7% among travel agents.

The Midwest: A 58% majority among automotive jobbers predict a stronger economy in their region in the next twelve months, 24% anticipate no change, and 8% predict a downturn. Hardware store owners are not quite as optimistic, with a 47-37-6% split, nor are those in the precision metalworking industry, with a 46-30-6% split. Travel agents, on the other hand, foresee improvement by a 66-21-4% majority.

The South: Automotive jobbers in the South are more optimistic than those in any other region about economic conditions a year from now. Fully 69% of them predict an upturn in the economy, 21% anticipate no change, and 2% predict a downturn. Their optimism is only surpassed by that of travel agents, who by a 71-22-1% majority anticipate a stronger economy a year from now. The corresponding percentages are 55-36-3% among hardware store owners and 54-25-2% among the precision metalworking industry.

The West: The economic outlook for this region also looks good, with 61% of the automotive jobbers predicting a stronger economy a year from now, 27% predicting no change, and 3% anticipating a downturn. The precision metalworking industry, by a 65-21-0% majority, predicts an upturn, while travel agents predict an upturn by a 61-29-2% majority. Hardware store owners are not as unabashedly optimistic, with percentages of 46-32-12%.

Observation:
It is interesting to note that overall, majorities in all four industries expect their local economy to be at least somewhat stronger a year from now. Travel agents are the most upbeat—expecting a stronger economy by 65-23-4%. But even hardware store owners—the least optimistic of the four—expect a stronger local economy by 51-35-6%.

In general, those in the South are most likely to express optimism about the economy, and those in the Midwest are least likely to do so.

Table 2-12 Prediction of the Strength of the Economy a Year From Now: Automotive Jobbers

Q.: And how about a year from now – do you expect the economy *in the area in which most of your customers are located* to be much stronger, somewhat stronger, about the same, somewhat weaker, or much weaker than it is now?

	Total Automotive Jobbers	Region			
		East	Midwest	South	West
Base	500	109	151	177	63
	%	%	%	%	%
Much stronger	16	13	12	20	17
Somewhat stronger	44	34	46	49	44
About the same	24	29	24	21	27
Somewhat weaker	3	6	5	1	3
Much weaker	2	6	3	1	–
Not sure	10	12	11	9	8

Table 2-13 Prediction of the Strength of the Economy a Year From Now: Hardware Industry

Q.: And how about a year from now – do you expect the economy *in the area in which most of your customers are located* to be much stronger, somewhat stronger, about the same, somewhat weaker, or much weaker than it is now?

	Total Hardware Industry	Region			
		East	Midwest	South	West
Base	502	100	215	129	58
	%	%	%	%	%
Much stronger	13	12	8	18	17
Somewhat stronger	38	40	39	37	29
About the same	35	29	37	36	32
Somewhat weaker	5	6	4	2	10
Much weaker	1	1	2	1	2
Not sure	9	11	9	6	13

Table 2-14 **Prediction of the Strength of the Economy a Year From Now: Precision Metalworking Industry**

Q.: And how about a year from now – do you expect the economy *in the area in which most of your customers are located* to be much stronger, somewhat stronger, about the same, somewhat weaker, or much weaker than it is now?

	Total Precision Metalworking Industry	Region			
		East	Midwest	South	West
Base	502	164	226	84	28
	%	%	%	%	%
Much stronger	18	18	19	12	29
Somewhat stronger	34	39	27	42	36
About the same	27	25	30	25	21
Somewhat weaker	4	4	5	1	–
Much weaker	1	1	1	1	–
Not sure	16	13	18	19	14

Table 2-15 **Prediction of the Strength of the Economy a Year From Now: Travel Agencies**

Q.: And how about a year from now – do you expect the economy *in the area in which most of your customers are located* to be much stronger, somewhat stronger, about the same, somewhat weaker, or much weaker than it is now?

	Total Travel Agencies	Region			
		East	Midwest	South	West
Base	500	109	112	148	131
	%	%	%	%	%
Much stronger	25	17	24	32	24
Somewhat stronger	40	45	42	39	37
About the same	23	20	21	22	29
Somewhat weaker	3	5	3	1	2
Much weaker	1	2	1	–	–
Not sure	8	11	9	5	8

Reported Revenue Growth Over the Past Year

The past year has generally been a good one for business growth in the industries surveyed. While a majority in each industry report that their gross revenues have been at least somewhat stronger than a year ago, these majorities are especially large in the precision metalworking industry and among travel agencies. Fully 73% and 75%, respectively, in these two industries have had stronger earnings (Table 2-16).

As is evident from the data presented in Table 2-17, those with larger 1983 revenues are more likely to report improvement in earnings over the past year. Specifically, while automotive jobbers overall report that revenues are stronger (rather than the same or weaker) by a 53-45% majority, only 41% of those with 1983 sales under $500,000 report an upturn. On the other hand, those with 1983 sales of $1,000,000 or more report an upturn by a 73-27% majority.

Similarly, while the majority (53-46%) of all hardware store owners and the majority (69-31%) of those with 1983 sales of $1,000,000 or more report an upturn, only 45% of those with 1983 sales below $500,000 do so.

The story in the precision metalworking industry and among travel agents is a little different. While the higher sales groups are more likely than others to have had an upturn in earnings, those with lower 1983 sales also report an upturn in earnings over the past year.

While large majorities in the four regions within the precision metalworking industry report positive changes in gross revenues over the past twelve months, there are some significant regional differences in the size of these majorities. For instance, fully 86% in the West, 76% in the Midwest, and 72% in the East report an upturn, compared with a smaller majority of 62% in the South (Table 2-18).

Regional differences are minimal in the automotive and travel industries, but there are noteworthy differences among hardware stores in different regions. Hardware store owners in the East have fared better than those in other regions, with a 62-34% majority reporting an upturn in gross revenues over the past year, compared with a 53-46% majority of hardware store owners overall.

Table 2-16 **Changes in Gross Revenues Since a Year Ago**

Q.: Compared to a year ago, would you say that your sales or gross revenues are now much stronger, somewhat stronger, about the same, somewhat weaker, or much weaker?

	Automotive Jobbers	Hardware Industry	Precision Metalworking Industry	Travel Agencies
Base	500	502	502	500
	%	%	%	%
Much stronger	**16**	**16**	**33**	**34**
Somewhat stronger	**37**	**37**	**40**	**41**
About the same	**32**	**33**	**20**	**15**
Somewhat weaker	**10**	**10**	**5**	**5**
Much weaker	**3**	**3**	**2**	**1**
Not sure	**1**	**1**	*	**4**

*Less than 0.5%.

Table 2-17 **Changes in Gross Revenues Since a Year Ago, by Sales Size**

Q.: Compared to a year ago, would you say that your sales or gross revenues are now much stronger, somewhat stronger, about the same, somewhat weaker, or much weaker?

	Base	Much Stronger	Somewhat Stronger	About the Same	Somewhat Weaker	Much Weaker
		%	%	%	%	%
Automotive Jobbers						
Total	500	16	37	32	10	3
1983 Sales						
Under $500,000	189	13	28	42	12	4
$500,000-$999,999	109	12	48	32	8	1
$1,000,000 and over	108	26	47	16	8	3
Hardware Industry						
Total	502	16	37	33	10	3
1983 Sales						
Under $500,000	136	10	35	38	11	5
$500,000-$999,999	103	16	38	32	9	2
$1,000,000 and over	181	28	41	24	6	1
Precision Metalworking Industry						
Total	502	33	40	20	5	2
1983 Sales						
Under $500,000	153	35	37	18	8	1
$500,000-$999,999	103	28	42	24	4	2
$1,000,000 and over	164	35	43	16	4	2
Travel Agencies						
Total	500	34	41	15	5	1
1983 Sales						
Under $1,000,000	111	30	36	16	7	2
$1,000,000-$2,999,999	165	33	42	18	5	1
$3,000,000 and over	127	45	44	10	2	–

Table 2-18 **Changes in Gross Revenues Since a Year Ago, by Region**

Q.: Compared to a year ago, would you say that your sales or gross revenues are now much stronger, somewhat stronger, about the same, somewhat weaker, or much weaker?

	Base	Much Stronger	Somewhat Stronger	About the Same	Somewhat Weaker	Much Weaker
		%	%	%	%	%
Automotive Jobbers						
Total	500	16	37	32	10	3
Region						
East	109	17	39	29	9	5
Midwest	151	17	33	29	15	4
South	177	15	40	36	6	1
West	63	16	37	32	10	6
Hardware Industry						
Total	502	16	37	33	10	3
Region						
East	100	23	39	21	9	4
Midwest	215	13	36	38	11	3
South	129	17	35	36	8	1
West	58	17	37	30	8	6
Precision Metalworking Industry						
Total	502	33	40	20	5	2
Region						
East	164	34	38	18	9	2
Midwest	226	38	38	19	3	2
South	84	17	45	29	7	2
West	28	36	50	11	–	4
Travel Agencies						
Total	500	34	41	15	5	1
Region						
East	109	33	44	13	4	2
Midwest	112	33	46	14	4	1
South	148	36	37	14	7	1
West	131	34	38	19	5	–

Expected Revenue Changes a Year From Now

Respondents in all four industries are, for the most part, optimistic about their expected earnings over the next twelve months. Clear majorities in all industries expect "much" or "somewhat" stronger sales over the next year. Automotive jobbers expect sales to be stronger (rather than the same or weaker) by a 70-22% majority, hardware store owners expect this by a 61-31% majority, those in the precision metalworking industry expect it by a 65-26% majority, and travel agencies expect it by a large 78-15% majority (Table 2-19).

When the data are examined by sales size (1983 gross revenues), varying patterns are evident across the four industries. Among automotive jobbers, the greatest optimism is displayed by those whose business grossed $1,000,000 or more in 1983. By an 82-14% majority, this group expects stronger sales over the next twelve months, while those in the lowest sales category expect an upturn by a more subdued 63-29% majority (Table 2-20).

Intergroup differences among hardware stores in different sales categories are not particularly wide, but those with higher 1983 revenues are somewhat more likely to be optimistic about future sales than those with lower revenues.

In the precision metalworking industry, those with 1983 revenues of $1,000,000 or more and those with revenues of under $500,000 are more likely to be optimistic (by 70-23% and 67-26% majorities, respectively) about future sales than those in the middle sales category (59-29%).

Among travel agents, those in the lowest sales category (under $1,000,000) expect an upturn by an 86-8% majority. Those in the highest sales categeory ($3,000,000 or more) expect an upturn by an 80-19% majority, and those in the middle category expect an upturn by a similar 76-18% majority.

Expectations for sales increases in the coming year also vary by region. While majorities in all regions within all industries expect sales to be stronger over the next twelve months, respondents in some subgroups are clearly more optimistic than others (Table 2-21).

Among automotive jobbers, respondents in the South are clearly more optimistic than those in other regions. They expect stronger sales by a 78-16% majority, compared with a 70-22% majority industrywide.

Among hardware store owners, those in the Midwest are least optimistic, with a 57-35% majority expecting an upturn, compared with an industrywide majority of 61-31%.

Similarly, those in the precision metalworking industry in the Midwest are the least optimistic. They expect an upturn by a 58-32% majority, compared with an industrywide majority of 65-26%.

Regional differences among the travel agents are minimal. Regional data vary only slightly from the industrywide majority of 78-15% who expect an upturn.

Table 2-19 **Expected Changes in Gross Revenues a Year From Now**

Q.: And how about a year from now—do you expect your sales or gross revenues to be much stronger, somewhat stronger, about the same, somewhat weaker, or much weaker than they are now?

	Automotive Jobbers	Hardware Industry	Precision Metalworking Industry	Travel Agencies
Base	500	502	502	500
	%	%	%	%
Much stronger	**19**	**13**	**27**	**37**
Somewhat stronger	**51**	**48**	**38**	**41**
About the same	**19**	**27**	**22**	**14**
Somewhat weaker	**2**	**3**	**4**	**1**
Much weaker	**1**	**1**	*	*
Not sure	**7**	**8**	**9**	**7**

*Less than 0.5%.

Table 2-20 Expected Changes in Gross Revenues a Year From Now, by Sales Size

Q.: And how about a year from now—do you expect your sales or gross revenues to be much stronger, somewhat stronger, about the same, somewhat weaker, or much weaker than they are now?

	Base	Much Stronger	Somewhat Stronger	About the Same	Somewhat Weaker	Much Weaker
		%	%	%	%	%
Automotive Jobbers						
Total	500	19	51	19	2	1
1983 Sales						
Under $500,000	189	16	47	24	4	1
$500,000-$999,999	109	23	53	17	1	1
$1,000,000 and over	108	21	61	11	3	–
Hardware Industry						
Total	502	13	48	27	3	1
1983 Sales						
Under $500,000	136	15	45	29	2	1
$500,000-$999,999	103	10	51	30	2	1
$1,000,000 and over	181	12	55	22	4	–
Precision Metalworking Industry						
Total	502	27	38	22	4	*
1983 Sales						
Under $500,000	153	29	38	20	6	–
$500,000-$999,999	103	18	41	26	3	–
$1,000,000 and over	164	32	38	19	4	–
Travel Agencies						
Total	500	37	41	14	1	*
1983 Sales						
Under $1,000,000	111	43	43	6	1	1
$1,000,000-$2,999,999	165	29	47	16	1	1
$3,000,000 and over	127	44	36	18	1	–

*Less than 0.5%.

Table 2-21 Expected Changes in Gross Revenues a Year From Now, by Region

Q.: And how about a year from now—do you expect your sales or gross revenues to be much stronger, somewhat stronger, about the same, somewhat weaker, or much weaker than they are now?

	Base	Much Stronger	Somewhat Stronger	About the Same	Somewhat Weaker	Much Weaker
		%	%	%	%	%
Automotive Jobbers						
Total	**500**	**19**	**51**	**19**	**2**	**1**
Region						
East	109	13	53	20	6	2
Midwest	151	15	50	23	2	1
South	177	27	51	15	1	–
West	63	19	51	24	–	2
Hardware Industry						
Total	**502**	**13**	**48**	**27**	**3**	**1**
Region						
East	100	13	53	20	4	1
Midwest	215	10	47	32	3	*
South	129	15	49	27	2	–
West	58	24	41	21	3	2
Precision Metalworking Industry						
Total	**502**	**27**	**38**	**22**	**4**	*
Region						
East	164	29	42	15	4	1
Midwest	226	24	34	27	5	–
South	84	26	42	20	2	–
West	28	46	32	18	–	–
Travel Agencies						
Total	**500**	**37**	**41**	**14**	**1**	*
Region						
East	109	33	43	10	3	1
Midwest	112	35	41	16	1	1
South	148	41	41	13	1	–
West	131	38	40	16	–	–

*Less than 0.5%.

The Regional Economy and Business Growth: Views on the Past and Future Compared

A comparison of the views on the regional economy during the past twelve months and over the next twelve months, coupled with a comparison of the views on business revenues during the same periods, provides some interesting insights (Table 2-22).

Clearly, majorities in all four industries believe that the regional economy has become stronger during the past twelve months, and majorities anticipate that it will become stronger over the next twelve months. However, among hardware store owners and travel agents, and especially in the precision metalworking industry, this optimism about the future is muted compared with their assessment of the past. Automotive jobbers are the only group in which a larger majority predict a stronger economy over the next twelve months than say the economy has grown stronger during the past twelve months.

When the findings are analyzed by region, the above conclusions prove true in all regions except the East. In the East, fewer respondents in all four industries, including automotive jobbers, predict an upturn in the economy over the next year than saw an upturn during the past year.

Of all four industries, the gap between the percentage reporting an improved economy during the last twelve months and the percentage predicting a stronger economy over the next twelve months is widest in the precision metalworking industry. Overall, while 82% in this industry report an upturn since a year ago, only 52% predict an upturn a year from now. Within this industry, the gap is widest in the Midwest (89% versus 46%).

When assessments of the past and future in terms of the gross revenues of their own businesses are considered, a very different picture emerges. Overall, larger majorities in all industries except the precision metalworking industry predict stronger revenues over the next twelve months than report stronger revenues during the past twelve months.

Of all four industries, the gap is widest among automotive jobbers; fully 70% of this group expect stronger earnings in the year ahead, while only 53% report stronger earnings in the past year. By region, the greatest difference is found among automotive jobbers in the South.

The precision metalworking industry has a very different point of view, with 73% reporting an upturn in revenues during the past year, and 65% predicting an upturn over the next year. This gap is primarily the result of a reserved optimism about the year ahead among respondents in the Midwest.

Observation:
It is interesting to note that in each of the four industries, larger majorities believe that the revenues for their own business will be stronger over the next twelve months than believe that the regional economy will grow stronger over the same period. This bullishness about the success of their own enterprise is a characteristic that is repeatedly revealed by these entrepreneurs.

Table 2-22 **The Regional Economy and Annual Revenues: Percent Who Report or Anticipate an Upturn**

	Total		Region							
			East		Midwest		South		West	
	Past Twelve Months	Next Twelve Months	Past Twelve Months	Next Twelve Months	Past Twelve Months	Next Twelve Months	Past Twelve Months	Next Twelve Months	Past Twelve Months	Next Twelve Months
	%	%	%	%	%	%	%	%	%	%
Regional Economy (Percent Saying "Much" or "Somewhat" Stronger)										
Automotive jobbers	53	60	51	47	50	58	56	69	55	61
Hardware industry	57	51	69	52	50	47	59	55	58	46
Precision metalworking industry	82	52	77	57	89	46	77	54	X	X
Travel agencies	76	65	75	62	76	66	72	71	82	61
Gross Annual Revenues (Percent Saying "Much" or "Somewhat" Stronger)										
Automotive jobbers	53	70	56	66	50	65	55	78	53	70
Hardware industry	53	61	62	66	49	57	52	64	54	65
Precision metalworking industry	73	65	72	71	76	58	62	68	X	X
Travel agencies	75	78	77	76	79	76	73	82	72	78

Note: Base varies for each group within each region. See Tables 2-8 through 2-15, 2-18, and 2-21 for bases.

X = Subgroup sample size is too small for meaningful analysis.

Owners' Views on the Success of Their Own Business

Majorities of owners in all industries view themselves as more successful than their competitors. Automotive jobbers (by 60-39%), hardware store owners (by 52-47%), those in the precision metalworking industry (by 56-43%), and travel agents (by 64-33%) consider themselves at least somewhat more succesful (rather than equally or less successful) than their competitors (Tables 2-23 through 2-27).

However, when the data are broken out by sales size, a predictable pattern emerges (Table 2-28). Respondents with higher 1983 sales are much more likely than others to consider themselves more successful than their competitors. Very few (less than 10% in any category) view themselves as less successful than their competitors.

Table 2-23 **Owners Rate the Success of Their Own Business Relative to Their Competitors' Businesses**

Q.: Compared to other businesses like yours that you know about, do you consider your business to be much more successful, somewhat more successful, about as successful, somewhat less successful, or much less successful?

	Automotive Jobbers	Hardware Industry	Precision Metalworking Industry	Travel Agencies
Base	500	502	502	500
	%	%	%	%
Much more successful	**18**	**16**	**21**	**26**
Somewhat more successful	**42**	**36**	**35**	**38**
About as successful	**35**	**41**	**38**	**30**
Somewhat less successful	**3**	**5**	**4**	**3**
Much less successful	**1**	**1**	**1**	*

*Less than 0.5%.

Table 2-24 **Founders Rate the Success of Their Own Business Relative to Their Competitors' Businesses: Automotive Jobbers**

Q.: Compared to other businesses like yours that you know about, do you consider your business to be much more successful, somewhat more successful, about as successful, somewhat less successful, or much less successful?

	Total Automotive Jobbers	Founders
Base	500	221
	%	%
Much more successful	**18**	**15**
Somewhat more successful	**42**	**42**
About as successful	**35**	**37**
Somewhat less successful	**3**	**4**
Much less successful	**1**	–

Table 2-25 **Founders Rate the Success of Their Own Business Relative to Their Competitors' Businesses: Hardware Industry**

Q.: Compared to other businesses like yours that you know about, do you consider your business to be much more successful, somewhat more successful, about as successful, somewhat less successful, or much less successful?

	Total Hardware Industry	Founders
Base	502	167
	%	%
Much more successful	**16**	**15**
Somewhat more successful	**36**	**38**
About as successful	**41**	**41**
Somewhat less successful	**5**	**3**
Much less successful	**1**	**–**

Table 2-26 **Founders Rate the Success of Their Own Business Relative to Their Competitors' Businesses: Precision Metalworking Industry**

Q.: Compared to other businesses like yours that you know about, do you consider your business to be much more successful, somewhat more successful, about as successful, somewhat less successful, or much less successful?

	Total Precision Metalworking Industry	Founders
Base	502	323
	%	%
Much more successful	**21**	**21**
Somewhat more successful	**35**	**37**
About as successful	**38**	**36**
Somewhat less successful	**4**	**5**
Much less successful	**1**	**1**

Table 2-27 **Founders Rate the Success of Their Own Business Relative to Their Competitors' Businesses: Travel Agencies**

Q.: Compared to other businesses like yours that you know about, do you consider your business to be much more successful, somewhat more successful, about as successful, somewhat less successful, or much less successful?

	Total Travel Agencies	Founders
Base	500	331
	%	%
Much more successful	**26**	**27**
Somewhat more successful	**38**	**35**
About as successful	**30**	**33**
Somewhat less successful	**3**	**2**
Much less successful	*	**1**

*Less than 0.5%.

Table 2-28 **Ratings of Business Success Relative to Competitors, by Sales Size**

Q.: Compared to other businesses like yours that you know about, do you consider your business to be much more successful, somewhat more successful, about as successful, somewhat less successful, or much less successful?

	Base	Much/ Somewhat More Successful	About as Successful	Much/ Somewhat Less Successful
		%	%	%
Automotive Jobbers				
Total	**500**	**60**	**35**	**4**
1983 Sales				
Under $500,000	**189**	**46**	**47**	**6**
$500,000-$999,999	**109**	**69**	**28**	**1**
$1,000,000 and over	**108**	**80**	**19**	**–**
Hardware Industry				
Total	**502**	**52**	**41**	**6**
1983 Sales				
Under $500,000	**136**	**38**	**53**	**9**
$500,000-$999,999	**103**	**59**	**33**	**6**
$1,000,000 and over	**181**	**65**	**32**	**2**

(Continued)

Table 2-28 (Continued) **Ratings of Business Success Relative to Competitors, by Sales Size**

	Base	Much/ Somewhat More Successful	About as Successful	Much/ Somewhat Less Successful
		%	%	%
Precision Metalworking Industry				
Total	502	56	38	5
1983 Sales				
Under $500,000	153	45	43	9
$500,000-$999,999	103	54	42	4
$1,000,000 and over	164	67	31	2
Travel Agencies				
Total	502	64	30	3
1983 Sales				
Under $1,000,000	111	51	38	9
$1,000,000-$2,999,999	165	62	35	2
$3,000,000 and over	127	81	18	2

When asked how successful they consider their business to be compared to their own expectations when they first went into that business, majorities in all industries believe they are successful beyond their expectations (Table 2-29).

Among automotive jobbers, a third believe they are much more successful than they expected to be, another third believe they are somewhat more successful, 21% have just about met their expectations, and 9% feel their business is not as successful as they thought it would be.

The pattern is almost identical among travel agents, with 34% considering themselves much more successful than expected, 32% saying they are somewhat more successful, 23% having about met their expectations, and 10% indicating that their business has lagged behind their expectations.

Among hardware store owners, a smaller majority feel their business has succeeded beyond their expectations (27% "much more"; 29% "somewhat more"), while 29% have met their expectations and 15% have fallen below expectations.

In the precision metalworking industry, 34% of the businesses are much more successful than their owners expected them to be, 27% are somewhat more successful, 25% are about as successful, and 11% are less successful.

It is evident from Tables 2-30 through 2-33 that within each industry, the views of founders are not very different from those of respondents overall. Owners' ratings of the success of their businesses relative to their expectations are reported for various sales categories within each industry in Table 2-34. Those with businesses in the higher sales categories are more likely than those in the lower sales categories to view their business as more successful than expected. However, it is interesting to note that, with the exception of hardware store owners with 1983 revenues below $500,000, the majority of respondents in all sales categories view their business as doing better than expected.

Table 2-29 **Ratings of Business Success Compared to Initial Expectations**

Q.: And compared to your expectations when you first became the owner or part-owner of this business, do you consider your business to be much more successful, somewhat more successful, about as successful, somewhat less successful, or much less successful?

	Automotive Jobbers	Hardware Industry	Precision Metalworking Industry	Travel Agencies
Base	500	502	502	500
	%	%	%	%
Much more successful	**34**	**27**	**34**	**34**
Somewhat more successful	**34**	**29**	**27**	**32**
About as successful	**21**	**29**	**25**	**23**
Somewhat less successful	**7**	**11**	**10**	**8**
Much less successful	**2**	**4**	**1**	**2**

Table 2-30 **Founders Rate the Success of Their Business Compared to Initial Expectations: Automotive Jobbers**

Q.: And compared to your expectations when you first became the owner or part-owner of this business, do you consider your business to be much more successful, somewhat more successful, about as successful, somewhat less successful, or much less successful?

	Total Automotive Jobbers	Founders
Base	500	169
	%	%
Much more successful	**34**	**38**
Somewhat more successful	**34**	**33**
About as successful	**21**	**20**
Somewhat less successful	**7**	**5**
Much less successful	**2**	**2**

Table 2-31 **Founders Rate the Success of Their Business Compared to Initial Expectations: Hardware Industry**

Q.: And compared to your expectations when you first became the owner or part-owner of this business, do you consider your business to be much more successful, somewhat more successful, about as successful, somewhat less successful, or much less successful?

	Total Hardware Industry	Founders
Base	502	167
	%	%
Much more successful	27	35
Somewhat more successful	29	27
About as successful	29	22
Somewhat less successful	11	10
Much less successful	4	4

Table 2-32 **Founders Rate the Success of Their Business Compared to Initial Expectations: Precision Metalworking Industry**

Q.: And compared to your expectations when you first became the owner or part-owner of this business, do you consider your business to be much more successful, somewhat more successful, about as successful, somewhat less successful, or much less successful?

	Total Precision Metalworking Industry	Founders
Base	502	323
	%	%
Much more successful	34	36
Somewhat more successful	27	27
About as successful	25	24
Somewhat less successful	10	10
Much less successful	1	2

Table 2-33 **Founders Rate the Success of Their Business Compared to Initial Expectations: Travel Agencies**

Q.: And compared to your expectations when you first became the owner or part-owner of this business, do you consider your business to be much more successful, somewhat more successful, about as successful, somewhat less successful, or much less successful?

	Total Travel Agencies	Founders
Base	500	331
	%	%
Much more successful	**34**	**34**
Somewhat more successful	**32**	**33**
About as successful	**23**	**23**
Somewhat less successful	**8**	**7**
Much less successful	**2**	**2**

Table 2-34 **Ratings of Business Success Relative to Initial Expectations, by Sales Size**

Q.: And compared to your expectations when you first became the owner or part-owner of this business, do you consider your business to be much more successful, somewhat more successful, about as successful, somewhat less successful, or much less successful?

	Base	Much/ Somewhat More Successful	About as Successful	Much/ Somewhat Less Successful
		%	%	%
Automotive Jobbers				
Total	**500**	**68**	**21**	**9**
1983 Sales				
Under $500,000	**189**	**61**	**28**	**12**
$500,000-$999,999	**109**	**73**	**19**	**7**
$1,000,000 and over	**108**	**80**	**14**	**6**
Hardware Industry				
Total	**502**	**56**	**29**	**15**
1983 Sales				
Under $500,000	**136**	**44**	**35**	**19**
$500,000-$999,999	**103**	**53**	**31**	**14**
$1,000,000 and over	**181**	**71**	**19**	**7**

(Continued)

Table 2-34 (Continued) **Ratings of Business Success Relative to Initial Expectations, by Sales Size**

	Base	Much/ Somewhat More Successful	About as Successful	Much/ Somewhat Less Successful
		%	%	%
Precision Metalworking Industry				
Total	502	61	25	11
1983 Sales				
Under $500,000	153	55	31	12
$500,000-$999,999	103	57	29	12
$1,000,000 and over	164	73	19	8
Travel Agencies				
Total	500	66	23	10
1983 Sales				
Under $1,000,000	111	57	26	17
$1,000,000-$2,999,999	165	62	27	10
$3,000,000 and over	127	77	17	6

Assistance From State Government and State Agencies

Respondents were asked if their state government is doing too much, too little, or about the right amount when it comes to providing assistance in five different areas (Tables 2-35 through 2-38).

Using the "too little" response as an indicator of dissatisfaction with the efforts the state is making, it appears that dissatisfaction is highest when it comes to state efforts to keep business taxes in line, particularly in the East and the Midwest.

The sentiment that the state is doing too little to keep business taxes in line is evident among majorities of automotive jobbers, hardware store owners, and owners of precision metalworking businesses located in the Eastern and Midwestern states. About half the travel agents in these regions share this view. By contrast, mostly minorities (albeit large minorities in some industries) in the South feel that their state is doing too little to keep business taxes in line. In the West, travel agents and automotive jobbers are less critical of business taxes in their states than hardware store owners and those in the precision metalworking industry.

On the subject of personal taxes, the South and the West again tend to fare better than the East and Midwest in terms of the dissatisfaction expressed by business owners about state efforts to keep these taxes in line. However, a small majority of hardware store owners in the West are dissatisfied with their states' efforts in this area.

In general, greater proportions in the East and the Midwest than in the other regions feel that their state is doing too little to provide managerial assistance to small businesses through state agencies and universities. Opinions on the issue are generally, but not largely, favorable to the states in South and West.

Over 40% of the respondents in the automotive jobber, precision metalworking, and travel agency industries in all four regions feel that their state is doing too little to provide technical assistance through state agencies or universities. The only exception is the small group of those in the precision metalworking industry in the West, of whom only 32% feel this way. About a third of the hardware store owners in each region share this opinion.

Opinions on whether the state is providing enough assistance in the labor relations area are undoubtedly a function of the extent to which a business employs unionized labor. Industries and regions in which union affiliation is traditional are more likely to be concerned with state assistance in the labor relations area and are thus more likely to express dissatisfaction with their states' efforts. The findings bear this out. State assistance in the labor relations area does not appear to be a particular problem for automotive jobbers; less than a third of them in any region say that the state is doing too little in this area. Among hardware store owners, opinions on this issue vary by region. While about 40% in the East and West and 30% in the Midwest feel the state is doing too little to foster good relations between management and organized labor, only 19% in the South agree. The pattern is a little different in the precision metalworking industry, with larger minorities in the Midwest and East than in the South and West saying that the state is doing too little in the labor relations area. A third or fewer of the travel agents in the four regions feel that their state is doing too little to foster good labor relations.

Table 2-35 **Views on the Role Played by State Government in Providing Assistance to Business: Automotive Jobbers**

Q.: Do you think state government in your state is doing too much, doing too little, or doing about the right amount to (READ EACH ITEM)?

	Total Automotive Jobbers	Region			
		East	Midwest	South	West
Base	500	109	151	177	63
	%	%	%	%	%
Provide managerial assistance to small business through state agencies and universities					
Too much	8	9	5	10	10
Too little	40	50	40	32	43
About right	33	18	38	40	30
Not sure	18	22	17	18	17
Provide technical assistance to small business through state agencies and universities					
Too much	6	5	6	7	8
Too little	44	52	42	41	48
About right	31	20	30	38	29
Not sure	19	23	22	15	14
Keep business taxes in line					
Too much	14	15	7	15	22
Too little	54	65	60	47	43
About right	27	14	26	36	30
Not sure	5	6	7	2	5
Keep personal taxes in line					
Too much	13	19	9	11	21
Too little	51	59	58	43	41
About right	33	18	29	43	38
Not sure	3	4	3	3	–
Foster good relations between management and organized labor					
Too much	12	12	8	15	13
Too little	28	29	33	21	30
About right	35	30	38	38	27
Not sure	25	28	21	25	30

Table 2-36 Views on the Role Played by State Government in Providing Assistance to Business: Hardware Industry

Q.: Do you think state government in your state is doing too much, doing too little, or doing about the right amount to (READ EACH ITEM)?

	Total Hardware Industry	Region			
		East	Midwest	South	West
Base	501	99	215	129	58
	%	%	%	%	%
Provide managerial assistance to small business through state agencies and universities					
Too much	6	6	8	6	3
Too little	38	42	39	35	35
About right	39	32	40	41	43
Not sure	16	17	13	19	19
Provide technical assistance to small business through state agencies and universities					
Too much	5	4	5	6	5
Too little	36	39	37	34	32
About right	41	33	43	43	44
Not sure	18	22	16	17	19
Keep business taxes in line					
Too much	10	5	11	15	5
Too little	54	66	63	31	48
About right	34	23	26	50	43
Not sure	3	5	1	3	3
Keep personal taxes in line					
Too much	10	9	10	14	5
Too little	46	54	51	28	54
About right	40	34	36	51	40
Not sure	4	2	3	7	3
Foster good relations between management and organized labor					
Too much	7	5	7	6	10
Too little	31	41	30	19	40
About right	38	26	41	46	30
Not sure	24	26	22	30	21

Table 2-37 **Views on the Role Played by State Government in Providing Assistance to Business: Precision Metalworking Industry**

Q.: Do you think state government in your state is doing too much, doing too little, or doing about the right amount to (READ EACH ITEM)?

	Total Precision Metalworking Industry	Region			
		East	Midwest	South	West
Base	502	164	226	84	28
	%	%	%	%	%
Provide managerial assistance to small business through state agencies and universities					
Too much	7	9	7	5	11
Too little	45	49	51	31	25
About right	29	29	25	37	32
Not sure	19	13	17	27	32
Provide technical assistance to small business through state agencies and universities					
Too much	5	4	6	–	11
Too little	50	54	53	42	32
About right	29	29	27	33	32
Not sure	16	12	14	25	25
Keep business taxes in line					
Too much	7	8	7	6	11
Too little	67	73	74	42	50
About right	24	20	16	49	32
Not sure	2	–	3	2	7
Keep personal taxes in line					
Too much	11	12	8	8	25
Too little	56	59	65	32	36
About right	29	25	23	52	29
Not sure	4	4	3	7	11
Foster good relations between management and organized labor					
Too much	11	12	11	6	14
Too little	37	34	47	21	21
About right	29	28	21	52	29
Not sure	23	26	21	20	36

Table 2-38 **Views on the Role Played by State Government in Providing Assistance to Business: Travel Agencies**

Q.: Do you think state government in your state is doing too much, doing too little, or doing about the right amount to (READ EACH ITEM)?

	Total Travel Agencies	Region			
		East	Midwest	South	West
Base	500	109	112	148	131
	%	%	%	%	%
Provide managerial assistance to small business through state agencies and universities					
Too much	4	4	1	5	5
Too little	43	47	46	40	40
About right	29	24	27	34	30
Not sure	24	26	27	22	24
Provide technical assistance to small business through state agencies and universities					
Too much	3	3	2	3	4
Too little	47	51	52	42	46
About right	25	16	20	36	24
Not sure	25	29	27	18	26
Keep business taxes in line					
Too much	7	3	5	9	8
Too little	43	49	55	34	36
About right	43	41	31	49	46
Not sure	8	7	7	7	11
Keep personal taxes in line					
Too much	8	8	6	9	7
Too little	42	49	54	32	40
About right	43	34	38	49	49
Not sure	7	9	2	10	5
Foster good relations between management and organized labor					
Too much	6	5	6	7	5
Too little	29	33	32	22	31
About right	36	29	35	43	34
Not sure	30	33	27	29	30

Dissatisfaction with what their state is doing to keep business and personal taxes down is particularly widespread among those in the precision metalworking industry who are planning to relocate to another state in the next five years. Fully 81% feel the state is doing too little to keep business taxes in line, and 73% feel the same way about personal taxes (Table 2-39).

Since the vast majority of precision metalworking businesses that will relocate are now in the East and Midwest (see Table 2-40), it is not surprising that dissatisfaction with the tax structure is particularly high in states within these two regions.

While there are some interesting patterns of responses evident in Table 2-39, the reader is cautioned against attaching too much significance to the reported percentages, since they are based on very small samples in three of the industries.

Table 2-40 indicates the extent of emigration that will take place from states within the four regions, by industry. Although the volume of emigration is likely to be small in the next five years, the biggest losers are likely to be states in the East and the Midwest.

Table 2-39 **Views of Those Likely to Relocate About the Role Played by State Government**
Base: Those saying they are likely to relocate to another state in the next five years

Q.: Do you think state government in your state is doing too much, doing too little, or doing about the right amount to (READ EACH ITEM)?

	Automotive Jobbers	Hardware Industry	Precision Metalworking Industry	Travel Agencies
Base	29	18**	78	38
	%	%	%	%
Provide managerial assistance to small business through state agencies and universities				
Too much	7	5	12	3
Too little	52	48	60	47
About right	28	29	17	32
Not sure	14	19	12	18
Provide technical assistance to small business through state agencies and universities				
Too much	14	–	12	3
Too little	55	52	55	53
About right	17	33	24	21
Not sure	14	10	9	21
Keep business taxes in line				
Too much	21	14	8	16
Too little	66	57	81	55
About right	10	29	12	21
Not sure	3	–	–	8
Keep personal taxes in line				
Too much	10	10	10	13
Too little	76	57	73	37
About right	14	33	17	45
Not sure	–	–	–	5
Foster good relations between management and organized labor				
Too much	21	5	12	16
Too little	34	48	46	32
About right	28	19	26	42
Not sure	17	24	17	11

**The findings for this group should be interpreted with caution because of the small sample size.

Table 2-40 **Likelihood of Relocating Headquarters to Another State**

Q.: How likely do you think it is that you will move your headquarters location to another state in the next five years—is it very likely, somewhat likely, not very likely, or not likely at all?

	Total	Region			
		East	Midwest	South	West
	%	%	%	%	%
Automotive Jobbers					
(Base)	(500)	(109)	(151)	(177)	(63)
Very/somewhat likely	**5**	**7**	**10**	**3**	**3**
Not very/not likely at all	**94**	**93**	**89**	**97**	**97**
Hardware Industry					
(Base)	(499)	(98)	(215)	(128)	(58)
Very/somewhat likely	**4**	**8**	**4**	**1**	**3**
Not very/not likely at all	**95**	**90**	**95**	**97**	**97**
Precision Metalworking Industry					
(Base)	(502)	(164)	(226)	(84)	(28)
Very/somewhat likely	**16**	**25**	**15**	**1**	**7**
Not very/not likely at all	**83**	**74**	**84**	**99**	**89**
Travel Agencies					
(Base)	(500)	(109)	(112)	(148)	(131)
Very/somewhat likely	**7**	**5**	**13**	**5**	**8**
Not very/not likely at all	**92**	**95**	**87**	**93**	**92**

3: The Future—Objectives and Succession Planning

The respondents were asked how closely each of four statements describes their own long-range objectives. The findings for each industry and for businesses categorized by sales size within each industry appear in Tables 3-1 through 3-5.

Clear majorities in all four industries indicate that the statements, "staying in business year in and year out" and "making an average profit for your kind of business," describe their own objectives *very* closely. However, only among travel agents do a majority feel that the statement, "making an above-average profit for your kind of business," reflects their own objectives very closely.

Details on the responses given by owners in the four industries are as follows:

"Staying in business year in and year out": This objective refers to basic survival within the industry and is predictably subscribed to by large majorities in all industries.

By a 91-6% majority, automotive jobbers believe this statement describes their own objectives "very" or "somewhat" closely (rather than "not very closely" or "not closely at all"). Fully 64% believe it describes their objectives *very* closely. Those with the largest 1983 sales are only slightly less likely than those with lower sales to consider this a major business objective.

Hardware store owners subscribe to this objective by a majority of 88-10%, with fully 64% indicating that the statement describes their own objectives *very* closely. Those with 1983 sales in the $500,000-to-$999,999 range are slightly more likely than those with sales above or below that range to subscribe to this objective.

Staying in business year in and year out is a long-range objective for a 92-7% majority in the precision metalworking industry, with a substantial 71% saying this statement describes their own objectives *very* closely. Companies in different categories of sales size do not differ substantially on this factor.

By a 94-5% majority, travel agents believe this statement describes their own objectives closely. Fully 72% say it describes them *very* closely. There are relatively minor differences among sales categories on this factor.

"Making an average profit": Automotive jobbers subscribe to this objective by a 91-7% majority, with 60% saying that it describes their objectives *very* closely. Companies in different sales size categories do not vary a great deal, but those with lower 1983 sales are slightly more likely to subscribe to this objective than those with 1983 sales of $1,000,000 or more.

Hardware store owners, by an 84-14% majority, indicate that this statement closely describes their own objectives, with 53% saying it describes their own objectives *very* closely. Here again, those in the lower sales categories are more likely to say so than those with sales of $1,000,000 or more.

The precision metalworking industry subscribes to this objective by a 90-9% majority, with 60% saying it describes their own objectives *very* closely. While differences among sales categories in this industry are minimal, medium-sized companies are somewhat more likely than others to consider this an objective.

The same is true among travel agencies with different sales volumes. Overall, travel agents subscribe to this objective by 85-14%, with 52% saying that it describes their own objectives *very* closely.

"Making an above-average profit": While automotive jobbers subscribe to this objective by a 77-21% majority, only 43% say it describes their own objectives *very* closely. Not surprisingly, the likelihood of subscribing to this objective is correlated with sales size. Companies in the higher sales categories are more likely to do so than those in the lowest sales category.

By a 73-24% majority, hardware store owners say that this objective describes their own closely, but only 37% say it describes their own objectives *very* closely. Clear differences exist among companies with different sales sizes, with larger companies subscribing to the objective in greater proportions than smaller companies.

This is not true in the precision metalworking industry, however. Companies in various sales cateogries do not differ very much in their acceptance of this objective. Overall, they subscribe to it by a majority of 81-17%, with 47% saying that "making an above-average profit" describes their own objectives *very* closely.

While travel agents subscribe to this objective by a 90-8% majority, fully 55% say it describes their own objectives *very* closely. This makes them seem much more ambitious as a group than those in the other industries. As in most industries, travel agents with higher 1983 gross revenues are more likely than others to subscribe to this objective.

"Major growth of business in terms of sales, profits, and employees": Automotive jobbers, by an 85-11% majority, say this describes their own objectives closely; 45% say it describes them *very* closely. Those with 1983 sales of at least $500,000 are more likely to subscribe to this objective than those with sales below $500,000.

The same pattern is evident among hardware store owners and in the precision metalworking industry. Among hardware store owners, a majority of 81-15% subscribe to this long-range objective, with 40% saying it describes their own objectives *very* closely. These percentages are within one percentage point of those found for the precision metalworking industry.

Travel agents again appear to be the most growth-oriented group. They subscribe to this objective by a 90-6% majority, with fully 48% saying it describes their own objectives *very* closely. While there are very minor differences among travel agencies in different sales categories, the direction of the differences tends to be similar to that found in the other industries.

Observation:
While all four objectives appear to be important in all the industries surveyed, owners of the larger businesses are more likely than those in the smaller companies to have objectives reflecting business *growth*. Travel agents as a group appear to be more growth oriented than those in the other industries.

Table 3-1 **Long-Range Objectives: Automotive Jobbers**

Q.: Thinking about your own business, how closely does each of the following statements reflect your long-range business objectives – very closely, somewhat closely, not very closely, or not closely at all?

	Total Automotive Jobbers		
	Very Closely	Somewhat Closely	Not Very/ Not Closely at All
Base: 500	%	%	%
Staying in business year in and year out	**64**	**27**	**6**
Making an average profit for your kind of business	**60**	**31**	**7**
Making an above-average profit for your kind of business	**43**	**34**	**21**
Major growth of the business in terms of sales, profits, and number of employees over time	**45**	**40**	**11**

Table 3-2 **Long-Range Objectives: Hardware Industry**

Q.: Thinking about your own business, how closely does each of the following statements reflect your long-range business objectives – very closely, somewhat closely, not very closely, or not closely at all?

	Total Hardware Industry		
	Very Closely	Somewhat Closely	Not Very/ Not Closely at All
Base: 502	%	%	%
Staying in business year in and year out	**64**	**24**	**10**
Making an average profit for your kind of business	**53**	**31**	**14**
Making an above-average profit for your kind of business	**37**	**36**	**24**
Major growth of the business in terms of sales, profits, and number of employees over time	**40**	**41**	**15**

Table 3-3 Long-Range Objectives: Precision Metalworking Industry

Q.: Thinking about your own business, how closely does each of the following statements reflect your long-range business objectives – very closely, somewhat closely, not very closely, or not closely at all?

	Total Precision Metalworking Industry		
	Very Closely	Somewhat Closely	Not Very/ Not Closely at All
Base: 502	%	%	%
Staying in business year in and year out	71	21	7
Making an average profit for your kind of business	60	30	9
Making an above-average profit for your kind of business	47	34	17
Major growth of the business in terms of sales, profits, and number of employees over time	39	43	16

Table 3-4 Long-Range Objectives: Travel Agencies

Q.: Thinking about your own business, how closely does each of the following statements reflect your long-range business objectives – very closely, somewhat closely, not very closely, or not closely at all?

	Total Travel Agencies		
	Very Closely	Somewhat Closely	Not Very/ Not Closely at All
Base: 500	%	%	%
Staying in business year in and year out	72	22	5
Making an average profit for your kind of business	52	33	14
Making an above-average profit for your kind of business	55	35	8
Major growth of the business in terms of sales, profits, and number of employees over time	48	42	8

Table 3-5 **Long-Range Objectives, by Sales Size**

Q.: Thinking about your own business, how closely does each of the following statements reflect your long-range business objectives – very closely, somewhat closely, not very closely, or not closely at all?

	Base	Describes Own Objectives "Very" or "Somewhat" Closely: Staying In Business	Making an Average Profit	Making an Above-Average Profit	Major Growth of Business
		%	%	%	%
Automotive Jobbers					
Total	500	91	91	77	85
1983 Sales					
Under $500,000	189	90	93	68	78
$500,000-$999,999	109	95	94	84	88
$1,000,000 and over	108	88	90	88	90
Hardware Industry					
Total	502	88	84	73	81
1983 Sales					
Under $500,000	136	86	78	67	75
$500,000-$999,999	103	92	85	74	84
$1,000,000 and over	181	87	78	80	87
Precision Metalworking Industry					
Total	502	92	90	81	82
1983 Sales					
Under $500,000	153	92	88	78	74
$500,000-$999,999	103	92	92	81	82
$1,000,000 and over	164	94	88	82	88
Travel Agencies					
Total	500	94	85	90	90
1983 Sales					
Under $1,000,000	111	93	83	85	86
$1,000,000-$2,999,999	165	96	87	89	92
$3,000,000 and over	127	94	82	94	94

Views on the Education Necessary for a Successor

Overall, majorities of the owners in all four industries feel that it isn't necessary for their successors in the business to have a college degree (Table 3-6). Automotive jobbers reject the necessity of a college degree by a 72-27% majority, travel agents by a 69-29% majority, hardware store owners by a 66-32% majority, and those in the precision metalworking industry by a 59-38% majority.

While those who are college graduates themselves are more likely than those who aren't to feel that it *is necessary* for their successor to have a college degree, even in this group it tends not to be the majority opinion. College graduates in the precision metalworking industry, however, are the exception. Fully 59% of them feel that it is necessary for their successor to have a college degree.

Observation:
Clearly, educational background is not the key to success in these industries. Most of the owners are willing to hand down their business to a successor who is not a college graduate. College graduates in all industries, and particularly in the precision metalworking industry, are more apt to view a college degree as necessary than those without a college degree.

Table 3-6 **Views on Whether Successor Should Have a College Degree, by Education of Owner**

Q.: Whether or not you went to college, do you feel the next owner of this business must have a college degree, or don't you feel this is necessary?

		Education			
	Total	Some High School or Less	High School Graduate	Some College	Four-year College Graduate or More
	%	%	%	%	%
Automotive Jobbers					
(Base)	(500)	(43)	(201)	(145)	(108)
Successor must have degree	**27**	**28**	**16**	**26**	**49**
Not necessary for successor to have degree	**72**	**70**	**84**	**72**	**50**
Hardware Industry					
(Base)	(502)	(21)	(142)	(138)	(199)
Successor must have degree	**32**	**18**	**16**	**29**	**47**
Not necessary for successor to have degree	**66**	**77**	**83**	**69**	**51**
Precision Metalworking Industry					
(Base)	(502)	(53)	(191)	(133)	(123)
Successor must have degree	**38**	**32**	**23**	**44**	**59**
Not necessary for successor to have degree	**59**	**62**	**74**	**54**	**38**
Travel Agencies					
(Base)	(500)	(3)	(81)	(141)	(274)
Successor must have degree	**29**	**X**	**7**	**23**	**40**
Not necessary for successor to have degree	**69**	**X**	**93**	**77**	**58**

X = Subgroup sample size is too small for meaningful analysis.

Recommending Their Industry to Young Entrepreneurs

There is considerable variation in the attitudes of founders in the four industries when they are asked whether they would advise a young person to start a business in their respective fields (Table 3-7). While about half the automotive jobber, hardware store, and precision metalworking founders say they would advise a young person to start such a business, travel agents would tend to advise against it. Specifically, 42% of travel agents would advise against it, while only 37% would advise a young person to start a travel agency. This finding is a little startling, but it is unclear whether this reluctance on the part of travel agents is the result of dissatisfaction with their own profession (there appear to be no signs of this in the data from this survey) or an unwillingness to accept more competitors.

Table 3-7 **Attitude Toward Advising the Young To Start a Business in Field**
Base: Founders

Q.: If you were advising a young person who was thinking of starting up a business like yours, would you advise him or her to start a business in this field, or wouldn't you?

	Automotive Jobbers	Hardware Industry	Precision Metalworking Industry	Travel Agencies
Base	221	163	323	331
	%	%	%	%
Would advise	50	52	49	37
Would not advise	29	27	32	42
Depends (vol.)	19	18	18	19
Not sure/refused	2	1	1	2

Part II: Business Activities Within Specific Industries

4: Automotive Jobber Industry

This chapter reports on management priorities and practices specific to the automotive jobber industry. The findings are reported for the overall industry, as well as for the following specific subgroups within the industry:

Region*
- Businesses in the East;
- Businesses in the Midwest;
- Businesses in the South; and
- Businesses in the West.

1983 Sales
- Businesses with 1983 revenues of under $500,000;
- Businesses with 1983 revenues of from $500,000 to $999,999; and
- Businesses with 1983 revenues of $1,000,000 or more.

Number of Locations
- Businesses with only one location; and
- Businesses with more than one location.

*See the Appendix to this report for definitions of regions.

General Management

Majorities of owners of businesses in this industry report that they have at some point in the past taken steps to reduce their operating costs or operate a machine shop on the premises. Slightly less than half the respondents report that they have begun training a successor, and a similar number report having installed a computer system. The majority have never used a computer service and do not plan to do so in the next twelve months.

Majorities among those who have not taken steps to train a successor, install a computer, or operate a machine shop on the premises report no plans to do so in the next twelve months.

Detailed findings on these management actions and priorities are reported in Tables 4-1, 4-2, and 4-3.

Operating Costs
Fully 60% of the respondents have reduced their operating costs in the past twelve months. This will also be a priority for the majority (58%) of all respondents in the next twelve months.

While clear majorities in all subgroups have given and will give priority to reducing operating costs, these majorities are smallest among respondents in the South, those with 1983 sales below $500,000, and those with only one location.

Machine Shop on the Premises
Half the respondents report that they have operated a machine shop on their premises in the past twelve months, and 15% report having done so earlier than that. Least likely to have operated a machine shop on their premises are businesses with 1983 revenues below $500,000 and businesses with only one location.

Overall, among those who have not operated a machine shop on their premises, 85% report no plans to do so in the next twelve months.

Training a Successor
Almost a third (32%) report that they have begun training a successor in the past twelve months. While 16% report having done this more than twelve months ago, fully 51% have never taken this step. Of those who have never begun training a successor, 21% report plans to do so in the next twelve months. Respondents in larger businesses (1983 revenues of $1,000,000 or more) are more likely to report such plans than those in smaller businesses.

Computer Systems and Computer Services
Almost half the respondents say they have installed a computer, with 25% having done so in the past twelve months. Businesses with 1983 revenues of $500,000 or more are more likely than smaller businesses to have installed a computer. Not surprisingly, the majority (69%) of businesses with more than one location have installed a computer, while only a minority (35%) of single-location companies have done so. More businesses in the West than in any other region have installed a computer.

Overall, among those who do not have one, fully 38% report plans to install a computer in the next twelve months. Majorities of businesses with 1983 revenues of from $500,000 to $999,999 (60%) and businesses with multiple locations (59%) plan to do so.

Use of a computer service is not very popular in this industry. Overall, only 36% have ever used a computer service, and 31% of all respondents report plans to do so in the next twelve months. Most likely to have used a computer service are businesses that grossed $1,000,000 or more in 1983 and businesses with more than one location. These two groups are also the most likely to use computer services in the next twelve months.

Table 4-1 General Management: Actions Taken in the Past

Q.: I am going to read a list of steps that a business such as yours may take. After I read each one, please tell me whether *you* have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have *never* done this.

	Total Automotive Jobbers	Region				1983 Sales			Number of Locations	
		East	Mid-west	South	West	Under $500,000	$500,000-$999,999	$1,000,000 and Over	One	More Than One
Base	500	109	151	177	63	189	109	108	308	192
	%	%	%	%	%	%	%	%	%	%
Operate a machine shop on the premises										
Done in last twelve months	50	58	54	47	38	41	59	54	45	59
Done earlier	15	10	17	13	29	13	14	21	11	22
Never done	34	32	29	38	33	46	27	25	43	19
Begin training a successor										
Done in last twelve months	32	38	31	31	32	27	34	40	32	33
Done earlier	16	9	19	16	25	17	19	17	16	17
Never done	51	52	50	54	43	56	47	44	52	49
Install a computer system										
Done in last twelve months	25	23	28	22	29	11	27	43	15	40
Done earlier	24	27	22	19	37	11	39	34	20	29
Never done	51	50	50	59	33	78	34	23	64	30

Table 4-2 General Management: Actions Planned for the Future

Base: Those who have never taken each action

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Automotive Jobbers	Region				1983 Sales			Number of Locations	
		East	Mid-west	South	West	Under $500,000	$500,000-$999,999	$1,000,000 and Over	One	More Than One
	%	%	%	%	%	%	%	%	%	%
Install a computer system										
(Base)	(255)	(55)	(75)	(104)	(21)	(147)	(37)	(25)	(197)	(58)
Plan to do in next twelve months	**38**	**44**	**40**	**35**	**X**	**29**	**60**	**56**	**32**	**59**
Don't plan to do	**51**	**40**	**49**	**56**	**x**	**59**	**27**	**56**	**57**	**29**
Begin training a successor										
(Base)	(254)	(57)	(75)	(95)	(27)	(105)	(52)	(47)	(159)	(95)
Plan to do in next twelve months	**21**	**23**	**19**	**23**	**15**	**13**	**19**	**28**	**24**	**16**
Don't plan to do	**77**	**72**	**77**	**77**	**85**	**84**	**79**	**70**	**74**	**81**
Operate a machine shop on the premises										
(Base)	(168)	(35)	(44)	(68)	(21)	(86)	(29)	(27)	(132)	(36)
Plan to do in next twelve months	**11**	**6**	**16**	**13**	**X**	**15**	**14**	**4**	**12**	**8**
Don't plan to do	**85**	**94**	**77**	**85**	**X**	**81**	**79**	**96**	**83**	**89**

X = Subgroup sample size is too small for meaningful analysis.

Table 4-3 **General Management Priorities: Past and Future**

Q.: Again, after I read each of the following, please tell me whether you have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have never done this.

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Automotive Jobbers	Region				1983 Sales			Number of Locations	
		East	Mid-west	South	West	Under $500,000	$500,000-$999,999	$1,000,000 and Over	One	More Than One
Base	500	109	151	177	63	189	109	108	308	192
	%	%	%	%	%	%	%	%	%	%
Reduce your operating costs										
Done in last twelve months	60	66	63	54	60	54	62	69	57	65
Done earlier	11	12	11	11	10	13	10	12	11	11
Never done	27	19	24	34	30	32	28	19	30	23
Plan to do in the next twelve months	58	61	60	54	59	51	66	68	53	66
Don't plan to do	37	34	35	40	41	44	32	29	41	31
Use a computer service										
Done in last twelve months	28	24	30	27	32	17	31	38	22	38
Done earlier	8	10	8	8	8	5	10	14	7	11
Never done	63	65	60	64	60	76	59	47	69	52
Plan to do in the next twelve months	31	30	30	34	29	24	37	41	26	40
Don't plan to do	64	66	62	62	70	70	59	56	69	57

Marketing Management

The automotive jobber industry clearly recognizes the potential of the do-it-yourself market. Fully 83% have taken steps to serve this market in the past, with 70% having done so in the past twelve months.

While the majority (56%) have taken steps to attract business from ethnic or racial minorities, fully 33% have not done so. Notably, a large majority of those who have not done this in the past do not plan to do so in the near future.

Overall, 55% report that they have increased their advertising or promotional budget in the last twelve months, and 50% of all respondents report plans to do so in the next twelve months. Only a minority of respondents (37%) have affiliated with any of the major distribution groups in the past twelve months, while 51% report that they have never affiliated with groups such as NAPA, APS, Carquest, or Bumper to Bumper. Overall, 40% of all respondents report plans to affiliate with these groups in the next twelve months.

Detailed findings on marketing actions and priorities in the automotive jobbers industry are reported below and in Tables 4-4, 4-5, and 4-6.

Do-It-Yourself Market

Large majorities (ranging from 78% to 89%) in all subgroups say they have taken steps to better serve the do-it-yourself market in the past, with most having taken such steps within the past twelve months. Of the few businesses (73 in this sample) that have not taken this step in the past, the majority (85%) report no plans to do so in the near future.

Attracting Business From Ethnic or Racial Minorities

Overall, 47% have taken steps in the past twelve months to attract business from ethnic or racial minorities. While 9% have done this at an earlier time, 33% have never taken this step, and 8% report that this action is not applicable to them. Businesses in the South are most likely to have taken steps in the recent past to attract business from ethnic or racial minorities. Those that have not done so in the past are generally unlikely to do so in the future; overall, 85% of them report no plans to attract business from ethnic or racial minorities in the next twelve months.

Advertising or Promotional Budget

Overall, 55% have increased their advertising or promotional budget in the past twelve months, and 50% of all respondents plan to do so in the next twelve months. Compared with other regions, fewer businesses in the Midwest have taken this step in the past or plan to do so in the near future. Small businesses (1983 revenues below $500,000) are less likely than large businesses to use this strategy in the near future. And multiple-location businesses are more likely than single-location businesses to report that they have increased or plan to increase their advertising or promotional budget.

Affiliation with Distribution Groups

While 37%, overall, say they have affiliated with such distribution groups as NAPA, APS, Carquest, or Bumper to Bumper in the last twelve months, fully 51% report that they have never affiliated with such groups.

A large minority (40% of all respondents) plan to affiliate with such distribution groups in the next twelve months. Those in the Midwest are clearly more likely to do so than those in the East; smaller businesses and single-location businesses are also more likely than others to take this step in the future.

Table 4-4 **Marketing Management: Actions Taken in the Past**

Q.: I am going to read a list of steps that a business such as yours may take. After I read each one, please tell me whether *you* have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have *never* done this.

	Total Automotive Jobbers	Region				1983 Sales			Number of Locations	
		East	Mid-west	South	West	Under $500,000	$500,000-$999,999	$1,000,000 and Over	One	More Than One
Base	500	109	151	177	63	189	109	108	308	192
	%	%	%	%	%	%	%	%	%	%
Better serve the do-it-yourself market										
Done in last twelve months	70	71	68	72	68	69	72	71	68	73
Done earlier	13	10	14	11	19	9	17	16	12	14
Never done	15	17	15	15	10	19	9	10	17	11
Attract business from ethnic or racial minorities										
Done in last twelve months	47	47	38	56	48	46	49	44	48	46
Done earlier	9	4	11	10	6	7	9	12	8	10
Never done	33	37	36	27	33	33	31	33	31	34

Table 4-5 **Marketing Management: Actions Planned for the Future**
Base: Those who have never taken each action

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Automotive Jobbers	Region				1983 Sales			Number of Locations	
		East	Mid-west	South	West	Under $500,000	$500,000-$999,999	$1,000,000 and Over	One	More Than One
	%	%	%	%		%	%	%	%	%
Better serve the do-it-yourself market										
(Base)	(73)	(18)	(23)	(26)	(6)	(36)	(10)	(11)	(52)	(21)
Plan to do in next twelve months	**14**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
Don't plan to do	**85**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
Attract business from ethnic or racial minorities										
(Base)	(163)	(40)	(55)	(47)	(21)	(63)	(34)	(36)	(97)	(66)
Plan to do in next twelve months	**9**	**5**	**9**	**13**	**X**	**14**	**3**	**8**	**9**	**9**
Don't plan to do	**85**	**93**	**87**	**81**	**X**	**79**	**91**	**89**	**85**	**86**

X = Subgroup sample size is too small for meaningful analysis.

Table 4-6 **Marketing Priorities: Past and Future**

Q.: Again, after I read each of the following, please tell me whether you have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have never done this.

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Automotive Jobbers	Region				1983 Sales			Number of Locations	
		East	Mid-west	South	West	Under $500,000	$500,000-$999,999	$1,000,000 and Over	One	More Than One
Base	500	109	151	177	63	189	109	108	308	192
	%	%	%	%	%	%	%	%	%	%
Increase your advertising or promotional budget										
Done in last twelve months	55	61	48	58	51	49	57	62	49	63
Done earlier	17	9	23	15	17	16	23	13	17	16
Never done	28	28	28	27	32	34	21	25	33	21
Plan to do in next twelve months	50	57	46	49	51	46	53	53	47	55
Don't plan to do	46	42	47	47	44	51	43	44	49	41
Affiliate with one of the major program distribution groups such as NAPA, APS, Carquest, or Bumper to Bumper										
Done in last twelve months	37	34	38	37	41	37	32	31	39	34
Done earlier	11	7	11	14	13	12	13	13	10	13
Never done	51	58	50	49	46	51	54	55	50	52
Plan to do in next twelve months	40	34	45	38	41	40	38	34	42	36
Don't plan to do	57	63	50	60	56	57	61	62	55	61

Business Expansion and Growth

Majorities of businesses in the automotive jobber industry have grown by hiring more employees and increasing the size of their sales territory. Large minorities (over 40%) report that they have moved to a larger location, opened branches, sought additional money for expansion, or reduced the number of employees they have at some time in the past. However, no more than 26% report that they have taken these actions in the past twelve months. Overall, majorities of all respondents report no plans to take any of these actions in the next twelve months.

In general, respondents in larger businesses are more likely than those in smaller businesses (as defined by both 1983 revenues and number of locations) to have taken these actions.

Detailed findings on business expansion priorities are reported in Tables 4-7 and 4-8.

Hiring More Employees Versus Employee Reduction
Overall, fully 77% of respondents report that they have hired more employees at some point in the past, with 44% having done so in the last twelve months. More respondents in the East and South than in the other regions have hired in the past twelve months. Businesses with 1983 revenues of $1,000,000 or more and those with multiple locations are most likely to have hired more employees during this period. Majorities of respondents in these two groups also report plans to hire more employees in the next twelve months; for other groups, less than half report such plans.

Overall, 20% of respondents say they have reduced the number of their employees in the last twelve months, while 21% report that they have taken this step at some time prior to this. A large minority (27%) of respondents in the West have had employee cutbacks in the past twelve months. Business owners in this industry generally appear to be optimistic about the next twelve months: only 5% of all respondents report plans to make employee cutbacks in the next twelve months.

Size of Sales Territory
Overall, 61% have increased the size of their sales territory in the past, with 37% having done so in the past twelve months. Most likely to have done so in the recent past are multilocation businesses.

Future plans to expand sales territory vary among different groups within this industry. While less than half of the respondents in most groups plan to do this in the next twelve months, modest majorities among businesses in the East and multilocation businesses plan to expand their sales territory.

Seeking Additional Money for Expansion
Overall, the majority of respondents have never sought money for expansion and do not plan to seek such money in the next twelve months. The exceptions are businesses in the West, where 59% have sought expansion money in the past, and multilocation businesses, 62% of whom have done so.

While 26%, overall, report plans to seek expansion money in the next twelve months, somewhat larger minorities among respondents in the East (32%), with large businesses (37% of those with 1983 revenues of $1,000,000 or more), and with multilocation businesses (31%) report plans to seek such money.

Opening Additional Places of Business
While only 15%, overall, say they have opened a new branch of the business in the past twelve months, over 20% of the businesses in the West, those with 1983 sales of $1,000,000 or more, and those with multiple locations have opened one or more branches during that period. Large minorities (33% or more) of respondents in these three groups also report plans to expand in this manner over the next twelve months, while only 24% of respondents as a whole report such plans.

Moving to a Larger Location
The past twelve months have not seen very many businesses in this industry moving to larger locations—only 12%, overall, say they have done so during this time period. However, 32% report that they moved to a larger location more than twelve months ago. Clear majorities among businesses with 1983 sales of $1,000,000 or more and among multilocation businesses have moved at some time in the past. Among other subgroups, majorities say they have never moved.

While 16%, overall, report plans to move to a larger location in the next twelve months, a significantly larger minority of respondents in the West (29%) report such plans.

Merging with Another Business
Merging with another business through acquisition or by being acquired is not a popular strategy in this industry.

Overall, only 8% say they have been acquired by another business in the past twelve months, and only 4% report plans to do so in the next twelve months.

While 12% report that they have acquired another business in the past twelve months, 16% say they have done so prior to that. Fifteen percent of respondents report plans to do so in the next twelve months. Large businesses, as defined by both 1983 revenues and number of locations, are most likely to have acquired businesses in the past or to plan to do so in the future.

Businesses with 1983 revenues of $1,000,000 or more stand out as being most active in this area. Fully 44% of these businesses have acquired another business at some time in the past, and 24% report plans to do so in the near future.

Table 4-7 **Being Acquired by Another Business**

Q.: I am going to read a list of steps that a business such as yours may take. After I read each one, please tell me whether *you* have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have *never* done this.

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Automotive Jobbers	Region				1983 Sales			Number of Locations	
		East	Mid-west	South	West	Under $500,000	$500,000-$999,999	$1,000,000 and Over	One	More Than One
	%	%	%	%	%	%	%	%	%	%
Actions taken in the past										
(Base)	(500)	(109)	(151)	(177)	(63)	(189)	(109)	(108)	(308)	(192)
Done in last twelve months	8	9	5	9	10	4	5	9	8	7
Done earlier	3	1	4	5	3	4	4	2	3	4
Never done	87	88	89	86	84	92	89	87	87	88
Actions planned for the next twelve months										
(Base = Have never been acquired)	(437)	(96)	(135)	(153)	(53)	(174)	(97)	(94)	(268)	(169)
Plan to do in next twelve months	4	3	4	4	6	5	3	4	4	5
Don't plan to do	90	92	89	91	91	91	90	89	90	91

Table 4-8 **Business Expansion Priorities: Past and Future**

Q.: Again, after I read each of the following, please tell me whether you have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have never done this.

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Automotive Jobbers	Region				1983 Sales			Number of Locations	
		East	Mid-west	South	West	Under $500,000	$500,000-$999,999	$1,000,000 and Over	One	More Than One
Base	500	109	151	177	63	189	109	108	308	192
	%	%	%	%	%	%	%	%	%	%
Hire more employees										
Done in last twelve months	44	49	37	47	41	33	46	58	37	55
Done earlier	33	30	38	29	38	39	38	30	33	34
Never done	22	20	24	23	21	29	17	11	30	11
Plan to do in next twelve months	42	39	40	44	44	35	46	58	35	53
Don't plan to do	52	53	51	52	51	59	50	37	57	44
Increase the size of your sales territory										
Done in last twelve months	37	42	34	36	38	31	38	39	33	44
Done earlier	24	20	28	22	29	21	25	32	21	29
Never done	38	37	38	40	33	48	37	28	45	27
Plan to do in next twelve months	45	51	43	44	44	40	50	48	41	52
Don't plan to do	51	45	52	53	54	57	49	48	55	44
Seek additional money for expansion										
Done in last twelve months	26	25	22	28	30	18	22	39	20	35
Done earlier	21	19	21	20	29	21	29	21	17	27
Never done	53	55	57	51	41	61	49	40	62	38
Plan to do in next twelve months	26	32	25	23	25	21	25	37	22	31
Don't plan to do	69	66	68	71	67	75	68	58	71	64
Reduce the number of employees you have										
Done in last twelve months	20	17	21	18	27	17	17	18	18	22
Done earlier	21	24	21	21	17	23	22	25	22	20
Never done	58	59	58	60	54	60	61	57	58	58
Plan to do in next twelve months	5	4	8	4	5	6	4	5	5	5
Don't plan to do	91	94	87	93	90	93	92	92	90	94

(Continued)

Table 4-8 (Continued) **Business Expansion Priorities: Past and Future**

	Total Automotive Jobbers	Region				1983 Sales			Number of Locations	
		East	Mid-west	South	West	Under $500,000	$500,000-$999,999	$1,000,000 and Over	One	More Than One
Base	500	109	151	177	63	189	109	108	308	192
	%	%	%	%	%	%	%	%	%	%
Open a branch or additional branches										
Done in last twelve months	15	14	13	16	22	6	12	28	9	24
Done earlier	29	27	36	25	25	19	38	48	12	55
Never done	55	59	50	59	52	75	51	24	77	20
Plan to do in next twelve months	24	24	20	24	33	14	26	40	14	40
Don't plan to do	71	73	73	71	62	83	69	53	81	55
Move to a larger location										
Done in last twelve months	12	12	10	14	13	9	9	17	11	15
Done earlier	32	34	30	30	37	21	41	44	25	42
Never done	56	53	60	56	49	69	51	39	63	43
Plan to do in next twelve months	16	20	11	12	29	16	14	19	14	19
Don't plan to do	81	77	85	85	67	81	82	79	83	77
Acquire another business										
Done in last twelve months	12	12	11	11	13	7	7	14	11	13
Done earlier	16	20	20	10	13	11	15	30	8	28
Never done	72	67	68	78	73	81	78	56	80	59
Plan to do in next twelve months	15	17	15	14	14	10	15	24	11	21
Don't plan to do	79	77	77	82	76	85	81	68	83	72

Business Specialization Strategies

Specialization in certain types of business, such as paint and body supplies or heavy-duty equipment, has not received widespread attention in this industry. Overall, 27% have specialized in the past twelve months, 18% have done so prior to that, and 54% have never specialized. Most likely to have specialized in the past are businesses with 1983 earnings of $500,000 or more and businesses with more than one location. Plans to specialize in the next twelve months are reported by less than a quarter of the respondents in any group (Table 4-9).

Of those who have specialized in the past, the majority have specialized in paint and body supplies. Other areas of specialization mentioned by more than 10% of these respondents are heavy-duty equipment and parts for imported cars. Small numbers of those who have specialized in the past have specialized in the rebuilding and do-it-yourself markets. Even fewer have specialized in industrial accounts or fleet accounts, and less than 1% have specialized in government accounts (Table 4-10). Those who plan to specialize in the next twelve months cite these areas of specialization in the same order of popularity.

Table 4-9 **Business Specialization Strategy: Past and Future**

Q.: Have you specialized in a certain type of business, such as paint and body supplies or heavy-duty equipment, in the last twelve months, have you done this at some point in the past but *not* in the last twelve months, or have you never done this?

Q.: In the next twelve months, do you plan to specialize in a certain type of business, or don't you?

	Total Automotive Jobbers	Region				1983 Sales			Number of Locations	
		East	Mid-west	South	West	Under $500,000	$500,000-$999,999	$1,000,000 and Over	One	More Than One
Base	500	109	151	177	63	189	109	108	308	192
	%	%	%	%	%	%	%	%	%	%
Have specialized in last twelve months	27	25	31	25	27	22	29	40	25	31
Have specialized, but not in last twelve months	18	17	18	19	19	13	25	16	15	23
Have never specialized	54	59	50	55	54	63	47	44	59	46
Plan to specialize in next twelve months	18	23	18	15	16	16	16	24	17	19
Don't plan to specialize	80	75	80	81	84	82	80	73	81	79

Table 4-10 **Types of Specialization**

Q.: What type of business do you specialize in? Any others?

Q.: What types of business have you specialized in? Any others?

Q.: What type of business do you plan to specialize in? Any others?

	Those Who Have Specialized in Last Twelve Months	Those Who Have Specialized, but Not in Last Twelve Months	Those Who Plan to Specialize in Next Twelve Months
Base	135	90	88
	%	%	%
Paint and body supplies	52	56	34
Heavy-duty equipment	30	20	25
Parts for imported cars	11	18	13
The rebuilding market	10	7	8
Industrial accounts	3	3	2
The do-it-yourself market	2	6	6
Fleet accounts	1	4	2
Government accounts	–	1	1
Other	21	17	31

Major Concerns Related to Profitability

Over 70% of all respondents are at least somewhat concerned about the following:

- The cost of product liability insurance;
- Product counterfeiting;
- "Look alike" packaging; and
- The trend toward longer new-car warranties.

Respondents in the Midwest are more likely than respondents in other regions to be *very* concerned about the cost of product liability insurance (Table 4-11).

Table 4-11 **Major Concerns Related to Profitability Over the Next Five Years**

Q.: Thinking about the profitability of your business over the next five years, how concerned are you about (READ EACH ITEM)—are you very concerned, somewhat concerned, not very concerned, or not concerned at all?

	Total Automotive Jobbers	Region				1983 Sales			Number of Locations	
		East	Mid-west	South	West	Under $500,000	$500,000-$999,999	$1,000,000 and Over	One	More Than One
Base	500	109	151	177	63	189	109	108	308	192
	%	%	%	%	%	%	%	%	%	%
The cost of product liability insurance										
Very concerned	49	44	58	46	46	48	49	50	51	47
Somewhat concerned	29	31	26	27	38	27	32	26	28	31
Not very concerned	14	17	11	17	10	14	15	17	13	16
Not concerned at all	7	8	5	9	6	11	4	7	8	6
Product counterfeiting										
Very concerned	49	46	51	49	51	49	54	44	49	49
Somewhat concerned	26	28	26	25	25	23	24	31	25	28
Not very concerned	16	18	15	17	16	16	18	19	17	16
Not concerned at all	7	7	4	9	8	10	4	6	7	6
"Look alike" packaging										
Very concerned	47	42	51	47	46	48	56	43	46	48
Somewhat concerned	27	29	28	23	33	26	22	29	28	27
Not very concerned	15	17	13	16	14	14	13	17	15	15
Not concerned at all	10	11	7	13	6	11	9	11	10	9
The trend toward longer new-car warranties										
Very concerned	45	42	46	41	54	37	52	52	41	51
Somewhat concerned	26	22	30	24	24	30	19	22	26	26
Not very concerned	19	23	13	21	16	20	22	16	21	15
Not concerned at all	10	11	9	12	6	12	7	8	11	8

Participation in Professional Activities

Business owners in the automotive industry are frequent participants in a variety of professional activities.

A large majority (67% overall) report that they *very* frequently keep abreast of what their competitors are doing. Overall, 23% report doing this somewhat frequently, and only 10% report that they do this not very frequently or not frequently at all.

A similar majority report that they read trade journals very frequently. Fully 90% report reading trade journals at least somewhat frequently.

Clear majorities (over 60% overall) of owners also report that they attend trade shows, trade association meetings, or business seminars sponsored by associations or manufacturers at least somewhat frequently. A larger majority (72% overall) report that they encourage employees to attend technical seminars or schools sponsored by associations and manufacturers.

In general, owners of businesses with 1983 revenues of $1,000,000 or more and owners of multilocation businesses are more frequent participants in these activities than owners in other groups. They are also most likely to encourage their employees to attend seminars and courses (Table 4-12).

Table 4-12 **Participation in Professional Activities**

Q.: How often do you (READ EACH ITEM)—very frequently, somewhat frequently, not very frequently, or not frequently at all?

	Total Automotive Jobbers	Region				1983 Sales			Number of Locations	
		East	Mid-west	South	West	Under $500,000	$500,000-$999,999	$1,000,000 and Over	One	More Than One
Base	500	109	151	177	63	189	109	108	308	192
	%	%	%	%	%	%	%	%	%	%
Keep abreast of what your competitors are up to										
Very frequently	67	63	72	67	63	61	71	77	59	80
Somewhat frequently	23	27	21	22	27	25	24	15	30	13
Not very/not frequently at all	10	10	8	10	10	13	6	9	11	8
Read trade journals										
Very frequently	62	61	66	57	70	63	64	64	58	68
Somewhat frequently	28	30	26	28	27	23	29	31	29	26
Not very/not frequently at all	10	9	8	16	3	13	7	4	13	5
Encourage your employees to attend technical seminars or schools sponsored by associations or manufacturers										
Very frequently	39	34	44	38	43	30	41	50	34	48
Somewhat frequently	33	35	32	32	33	34	39	31	33	32
Not very/not frequently at all	28	31	23	30	24	35	20	18	32	19
Attend business seminars sponsored by associations or manufacturers										
Very frequently	24	17	26	24	29	19	24	28	20	30
Somewhat frequently	39	40	43	34	40	34	39	44	39	39
Not very/not frequently at all	37	41	31	42	32	47	37	27	40	31
Attend trade association meetings										
Very frequently	22	20	22	22	25	16	19	30	18	29
Somewhat frequently	39	39	47	31	43	33	44	46	39	40
Not very/not frequently at all	38	40	30	47	32	50	38	23	43	30
Attend trade shows										
Very frequently	21	19	23	20	21	16	19	25	18	26
Somewhat frequently	42	47	42	38	44	37	46	48	39	47
Not very/not frequently at all	36	32	34	40	35	46	34	24	42	26

Demographic and Background Information

Data on the size and scope of the businesses are presented in Table 4-13, and data on the demographic characteristics of the owners appear in Table 4-14.

The majority of businesses in this industry have 10 or fewer full-time employees. They hire very few part-time employees; indeed, fully 47% report that they do not have any part-time employees at all.

While 17% say they are unsure of their gross revenues for 1983, fully 22% report earnings of $1,000,000 or more, and 15% report earnings below $250,000. The businesses in the South tend to have lower earnings, on the average, than businesses in other regions.

Slightly over half the owners in this industry are under 50 years of age, 50% are college educated (but not necessarily graduates), 58% have owned the business for over ten years, and most have been in this field of work for over twenty years.

Business owners in the Midwest tend to be older and less educated than business owners in other regions of the country. Owners in the East tend to be better educated, on the average, than those in other regions. Owners of businesses in the West tend to have spent fewer years in the industry than those in other regions.

Majorities (over 50%) in all regions except the West consider themselves at least somewhat active in community affairs.

Table 4-13 **Size and Scope of Business**

	Total Automotive Jobbers	Region			
		East	Midwest	South	West
Base	500	109	151	177	63
	%	%	%	%	%
Number of Full-Time Employees					
3 or less	25	21	28	29	16
4-5	19	19	17	20	19
6-10	28	29	24	28	35
11-15	12	9	15	10	14
16-30	10	14	9	7	13
31 or more	5	6	7	5	4
Number of Part-Time Employees					
None	47	47	44	47	52
1-2	43	41	44	42	43
3 or more	10	10	12	10	5
Gross Revenues in 1983					
Under $250,000	15	16	16	15	8
$250,000-$499,999	23	17	19	32	19
$500,000-$749,999	14	18	11	11	19
$750,000-$999,999	8	10	7	8	8
$1,000,000 and over	22	22	26	16	24

Table 4-14 Demographic Characteristics of Owners

	Total Automotive Jobbers	Region			
		East	Midwest	South	West
Base	500	109	151	177	63
	%	%	%	%	%
Age of Owner					
18-29 years	5	8	1	6	8
30-39 years	18	13	19	20	21
40-49 years	29	35	28	27	27
50-64 years	40	39	42	39	38
65 and over	8	6	10	10	3
Education of Owner					
Some high school or less	8	8	5	12	6
High school graduate	40	32	52	36	40
Some college	29	37	26	27	27
Four-year college graduate or more	21	23	16	24	26
Have Owned Business:					
5 years or less	21	18	19	21	32
6-10 years	20	23	19	19	17
11-20 years	31	29	32	32	25
21 years or more	27	28	28	27	24
Number of Years in Industry					
10 or less	11	10	9	12	14
11-20	26	26	24	28	30
21-30	31	26	34	32	34
31-40	21	32	23	17	11
41 or more	9	6	11	10	10
Participation in Community Affairs					
Very active	20	26	19	20	14
Somewhat active	34	28	35	38	30
Not very active	26	21	28	25	32
Not active at all	19	26	17	16	24

5: The Hardware Industry

This chapter details business activities and strategies in the hardware industry. The survey findings are reported for the overall industry, as well as the following subgroups:

Type of Business
- NRHA designated hardware stores;
- NRHA designated home centers; and
- NRHA designated lumber stores.

1983 Sales
- Stores with 1983 sales of below $500,000;
- Stores with 1983 sales of from $500,000 to $999,999; and
- Stores with 1983 sales of $1,000,000 or more.

Size of Selling Area
- Stores with a selling area of under 5,000 square feet;
- Stores with a selling area of from 5,000 to 9,999 square feet; and
- Stores with a selling area of 10,000 square feet or more.

General and Personnel Management

A clear majority of the respondents report that they have formalized employee training at their place of business, particularly in the last twelve months. Fully 45% report that they have begun training a successor or have formalized management training at some time in the past. Only 30% report that they have installed a computer on the premises in the past, although 32% of those who do not presently have a computer say they plan to install one in the next twelve months. And of those who have not yet formalized employee training, formalized management training, or begun training a successor, slightly less than 20% plan to do each in the next twelve months.

Detailed findings on general and personnel management actions taken and planned by various subgroups are reported in Tables 5-1 and 5-2.

Formalizing Employee Training
This step has been implemented in the past by a majority (64%) of all respondents, with 48% having formalized employee training within the last twelve months. Home centers, particularly, are most likely to have formalized employee training programs in the past (79%). The likelihood of having formalized employee training is also greatest among stores with a large sales volume and stores with a large selling area. These three subgroups are also the most likely to say they will formalize employee training in the next twelve months if they have not already done so.

Training a Successor
Overall, a small majority of respondents (54%) have *not* begun training a successor, and most of these respondents do not plan to do so in the next twelve months. However, these findings are not consistent across all categories. A majority (61%) of home center owners have begun training a successor, as have a majority (60%) of those with 1983 sales of $1,000,000 or more. Moreover, slightly more than half the owners of stores with a large selling area have started training a successor.

Formalizing Management Training
This step has been taken in the past in a greater percentage of home centers (69%) than lumber stores (43%) or hardware stores (36%). Of the home centers that have not formalized management training in the past, almost a third plan to do so in the next twelve months; this compares with less than 20% in the other NRHA categories.

The likelihood that management training has been formalized in the past or will be formalized in the near future is positively correlated with both 1983 sales and size of selling area. Majorities (albeit modest majorities) of stores with 1983 sales of $1,000,000 or more or selling areas of 10,000 square feet or more have already formalized management training.

Installing a Computer
Majorities of store owners in all categories examined except two have *not* installed a computer. The two categories in which majorities have installed a computer are, not surprisingly, home centers and stores with 1983 sales of $1,000,000 or more. Of the three NRHA designated businesses, hardware stores are least likely to have installed a computer in the past: only 23% of hardware store owners who have not yet installed a computer plan to do so in the future. Among lumber stores, 68% presently do not have a computer, but 41% of those without a computer plan to install one in the next year. Therefore, one would expect that a little over half of all lumber stores will have a computer by early 1985.

In general, the likelihood that a business has installed a computer on the premises in the past increases with both level of 1983 sales and size of retail area.

Table 5-1 General and Personnel Management: Actions Taken in the Past

Q.: I am going to read a list of steps that a business such as yours may take. After I read each one, please tell me whether *you* have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have *never* done this.

	Total Hardware Industry	NRHA Designated Business			1983 Sales			Selling Area		
		Hardware	Home Center	Lumber	Under $500,000	$500,000-$999,999	$1,000,000 and Over	Under 5,000 Sq. Ft.	5,000-9,999 Sq. Ft.	10,000 Sq. Ft. and Over
Base	502	183	139	180	136	103	181	174	156	159
	%	%	%	%	%	%	%	%	%	%
Formalize employee training										
Done in last twelve months	48	43	65	45	37	50	60	37	50	60
Done earlier	16	16	14	17	20	14	16	15	17	16
Never done	36	41	19	37	43	34	24	48	33	21
Begin training a successor										
Done in last twelve months	32	30	47	32	21	34	43	31	32	33
Done earlier	13	10	24	11	13	10	17	11	11	18
Never done	54	60	38	57	66	54	40	58	57	47
Formalize management training										
Done in last twelve months	29	21	51	28	13	28	48	18	32	39
Done earlier	16	15	18	15	16	15	19	13	17	16
Never done	55	64	31	56	71	56	33	69	50	44
Install an in-house computer										
Done in last twelve months	18	12	28	22	6	17	33	10	22	24
Done earlier	12	8	26	9	2	6	27	7	14	17
Never done	70	80	47	68	91	76	41	83	64	59

Table 5-2 **General and Personnel Management: Actions Planned for the Future**
Base: Those who have never taken each action

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Hardware Industry	NRHA Designated Business			1983 Sales			Selling Area		
		Hardware	Home Center	Lumber	Under $500,000	$500,000-$999,999	$1,000,000 and Over	Under 5,000 Sq. Ft.	5,000-9,999 Sq. Ft.	10,000 Sq. Ft. and Over
	%	%	%	%	%	%	%	%	%	%
Install an in-house computer										
(Base)	(333)	(145)	(65)	(123)	(123)	(79)	(76)	(141)	(96)	(88)
Plan to do in next twelve months	**32**	**23**	**47**	**41**	**21**	**44**	**51**	**32**	**31**	**33**
Don't plan to do	**63**	**71**	**43**	**55**	**77**	**47**	**45**	**65**	**62**	**58**
Formalize management training										
(Base)	(260)	(116)	(43)	(101)	(96)	(57)	(58)	(113)	(76)	(65)
Plan to do in next twelve months	**19**	**19**	**31**	**15**	**16**	**22**	**28**	**16**	**19**	**26**
Don't plan to do	**77**	**77**	**69**	**81**	**78**	**77**	**68**	**79**	**80**	**69**
Begin training a successor										
(Base)	(264)	(109)	(53)	(102)	(88)	(57)	(72)	(99)	(84)	(74)
Plan to do in next twelve twelve months	**18**	**16**	**20**	**19**	**16**	**23**	**20**	**17**	**19**	**19**
Don't plan to do	**79**	**81**	**78**	**76**	**79**	**74**	**79**	**82**	**82**	**71**
Formalize employee training										
(Base)	(169)	(75)	(27)	(67)	(58)	(35)	(40)	(80)	(51)	(32)
Plan to do in next twelve months	**17**	**16**	**35**	**12**	**13**	**18**	**28**	**14**	**19**	**25**
Don't plan to do	**80**	**81**	**65**	**83**	**82**	**82**	**70**	**81**	**80**	**75**

Marketing Management

Of all the steps evaluated in the "marketing management" category, the largest majorities report that they have taken steps – mostly within the last twelve months – to increase their appeal to the do-it-yourself consumer and to improve the retail pricing image of their business. Clear majorities also report that they have changed their emphasis on products they carry at some point in the past – increasing their emphasis on brand-name merchandise, American-made products, building material products, and private-label merchandise. A notable minority (41%) have offered manufacturers' components or kits for resale at some time. Most store owners (71%) report they have *never* increased their emphasis on imported products.

Although large majorities (over 75%) of those who have not taken each of these steps in the past don't plan

to do so in the next twelve months, notable minorities do plan to increase their emphasis on building materials (21%), improve their pricing image (18%), and increase their appeal to the do-it-yourself consumer (16%).

Detailed findings for the various subgroups are reported below and are presented in Tables 5-3 and 5-4.

Appealing to the Do-It-Yourself Consumer
Overwhelming majorities (at least 90%) of respondents in all subgroups have taken steps to increase their appeal to the do-it-yourself consumer. Moreover, about 80% in each group have taken this step in the last twelve months.

Retail Pricing Image
An overwhelming majority (89%) of respondents overall have taken steps in the past to improve the retail pricing image of their business. About three-fourths have done so in the past twelve months. Home centers are most likely to have taken this step (97%).

Emphasizing Brand-Name Merchandise
The majority (71%) of respondents have increased their emphasis on brand-name merchandise in the past, with 51% having done so in the past twelve months. Increased emphasis on brand-name merchandise is particularly strong in home centers, among those with 1983 sales of $1,000,000 or more, and among stores with a large selling area (10,000 square feet or more).

Very few (6%) of those respondents who have never taken this step plan to do so in the next twelve months.

Emphasizing American-Made Products
Overall, 64% of the respondents have increased their emphasis on American-made products in the past, with 48% having done so in the last twelve months. Intergroup differences are marginal, with home centers most likely (70%) to have increased this emphasis in the past.

Of those who have not taken this step in the past, only 7% plan to do so in the next twelve months.

Emphasizing Building Material Products
Over 80% of home centers and lumber stores have increased their emphasis on building material products in the past, with about two-thirds in each group having done so in the last twelve months. Very few of those who have not increased this emphasis in the past are likely to do so in the future. Majorities of hardware stores have *not* increased their emphasis on building materials in the past or are not likely to do so in the future.

In general, the likelihood of having increased the emphasis on building materials in the past or planning to do so in the next twelve months is greatest among stores with 1983 sales of $500,000 or more.

Emphasizing Private-Label Merchandise
A majority (55%) of all respondents have increased their emphasis on private-label merchandise in the past, with 41% having done so in the past twelve months. A notable exception among the subgroups examined is lumber store owners, 54% of whom have *not* increased emphasis on private-label merchandise in the past.

Most of those who have not taken this step are not likely to do so in the next twelve months.

Resale of Components for Products Such as Trusses and Storage Sheds
While a modest majority (55%) overall have *never* offered manufacturers' components or kits for such products as trusses or storage sheds for resale, there are significant differences among subgroups on this factor. This step has been taken in the past by majorities of home centers (63%), lumber stores (57%), and those with 1983 sales of $1,000,000 or more (61%). Least likely to have taken this step are hardware stores (24%) and those with sales below $500,000 (24%).

Among those who have never offered such products, plans to do so in the next twelve months are reported by very small minorities (ranging from 4% to 10% across all subgroups).

Emphasizing Imported Products
The majority (71%) of all respondents have *not* increased their emphasis on imported products in the past, and a majority of those who have never done this are unlikely to do so in the future. Intergroup differences are minimal.

Table 5-3 **Marketing Management: Actions Taken in the Past**

Q.: I am going to read a list of steps that a business such as yours may take. After I read each one, please tell me whether *you* have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have *never* done this.

	Total Hardware Industry	NRHA Designated Business			1983 Sales			Selling Area		
		Hardware	Home Center	Lumber	Under $500,000	$500,000-$999,999	$1,000,000 and Over	Under 5,000 Sq. Ft.	5,000-9,999 Sq. Ft.	10,000 Sq. Ft. and Over
Base	502	183	139	180	136	103	181	174	156	159
	%	%	%	%	%	%	%	%	%	%
Increase your appeal to the do-it-yourself consumer										
Done in last twelve months	81	79	84	82	77	86	80	76	82	83
Done earlier	12	12	11	12	16	6	13	14	12	11
Never done	6	8	5	5	7	8	6	8	7	4
Improve the retail pricing image of your business										
Done in last twelve months	77	76	86	73	74	80	81	74	79	81
Done earlier	12	12	11	11	13	9	12	14	10	10
Never done	9	9	2	14	9	8	6	10	7	7
Increase your emphasis on brand-name merchandise										
Done in last twelve months	51	50	53	53	51	53	50	51	48	56
Done earlier	20	18	28	16	16	13	27	18	17	24
Never done	28	31	19	28	29	32	23	30	34	18
Increase your emphasis on American-made products										
Done in last twelve months	48	47	51	47	50	44	43	50	38	52
Done earlier	16	15	19	16	16	15	17	16	21	11
Never done	33	34	28	35	31	36	38	31	37	33
Increase your emphasis on building material products										
Done in last twelve months	45	26	67	63	29	50	58	41	45	49
Done earlier	15	11	19	20	13	16	18	15	13	18
Never done	38	62	13	13	56	32	21	40	42	30
Increase your emphasis on private-label merchandise										
Done in last twelve months	41	47	45	29	36	42	44	37	46	44
Done earlier	14	12	18	14	16	10	18	15	15	14
Never done	43	40	36	54	47	44	38	47	38	40

(Continued)

Table 5-3 (Continued) **Marketing Management: Actions Taken in the Past**

	Total Hardware Industry	NRHA Designated Business			1983 Sales			Selling Area		
		Hardware	Home Center	Lumber	Under $500,000	$500,000-$999,999	$1,000,000 and Over	Under 5,000 Sq. Ft.	5,000-9,999 Sq. Ft.	10,000 Sq. Ft. and Over
Base	502	183	139	180	136	103	181	174	156	159
	%	%	%	%	%	%	%	%	%	%
Offer for resale through your store manufacturers' components or kits for such products as trusses or storage sheds										
Done in last twelve months	32	19	48	45	17	33	49	29	32	34
Done earlier	9	5	15	12	7	13	12	6	12	10
Never done	55	72	34	41	74	54	36	62	53	52
Increase your emphasis on products imported from abroad										
Done in last twelve months	17	22	14	7	15	15	16	11	21	19
Done earlier	11	8	14	13	9	12	11	12	8	12
Never done	71	68	71	78	75	69	71	75	69	68

Table 5-4 Marketing Management: Actions Planned for the Future

Base: Those who have never taken each action

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Hardware Industry	NRHA Designated Business			1983 Sales			Selling Area		
		Hardware	Home Center	Lumber	Under $500,000	$500,000-$999,999	$1,000,000 and Over	Under 5,000 Sq. Ft.	5,000-9,999 Sq. Ft.	10,000 Sq. Ft. and Over
	%	%	%	%	%	%	%	%	%	%
Increase your emphasis on building material products										
(Base)	(155)	(113)	(18)	(24)	(70)	(26)	(33)	(58)	(53)	(41)
Plan to do in next twelve months	**21**	**22**	**X**	**X**	**15**	**29**	**30**	**24**	**25**	**13**
Don't plan to do	**77**	**77**	**X**	**X**	**82**	**68**	**73**	**75**	**74**	**87**
Improve the retail pricing image of your business										
(Base)	(44)	(16)	(3)	(25)	(14)	(10)	(11)	(17)	(11)	(12)
Plan to do in next twelve months	**18**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
Don't plan to do	**80**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
Increase your appeal to the do-it-yourself consumer										
(Base)	(30)	(14)	(7)	(9)	(9)	(8)	(10)	(14)	(10)	(5)
Plan to do in next twelve months	**16**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
Don't plan to do	**84**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
Increase your emphasis on American-made merchandise										
(Base)	(164)	(62)	(39)	(63)	(42)	(38)	(64)	(55)	(56)	(52)
Plan to do in next twelve months	**7**	**7**	**10**	**8**	**12**	**6**	**9**	**11**	**7**	**6**
Don't plan to do	**88**	**92**	**83**	**84**	**85**	**92**	**85**	**84**	**92**	**90**
Increase your emphasis on private-label merchandise										
(Base)	(220)	(73)	(49)	(98)	(67)	(48)	(70)	(86)	(59)	(67)
Plan to do in next twelve months	**6**	**7**	**8**	**4**	**8**	**2**	**9**	**7**	**3**	**10**
Don't plan to do	**92**	**91**	**89**	**93**	**90**	**95**	**88**	**91**	**97**	**90**

(Continued)

Table 5-4 (Continued) **Marketing Management: Actions Planned for the Future**

Base: Those who have never taken each action

	Total Hardware Industry	NRHA Designated Business			1983 Sales			Selling Area		
		Hardware	Home Center	Lumber	Under $500,000	$500,000-$999,999	$1,000,000 and Over	Under 5,000 Sq. Ft.	5,000-9,999 Sq. Ft.	10,000 Sq. Ft. and Over
	%	%	%	%	%	%	%	%	%	%
Increase your emphasis on brand-name merchandise										
(Base)	(133)	(56)	(26)	(51)	(40)	(33)	(39)	(52)	(49)	(28)
Plan to do in next twelve months	**6**	**5**	**10**	**5**	**6**	**9**	**3**	**4**	**5**	**16**
Don't plan to do	**93**	**95**	**85**	**95**	**94**	**91**	**97**	**94**	**95**	**84**
Offer for resale through your store manufacturers' components or kits for such products as trusses or storage sheds										
(Base)	(252)	(132)	(46)	(74)	(97)	(52)	(58)	(99)	(75)	(73)
Plan to do in next twelve months	**5**	**4**	**6**	**9**	**6**	**10**	**4**	**5**	**8**	**4**
Don't plan to do	**92**	**94**	**91**	**86**	**92**	**89**	**91**	**93**	**90**	**91**
Increase your emphasis on products imported from abroad										
(Base)	(362)	(125)	(97)	(140)	(103)	(72)	(131)	(132)	(111)	(109)
Plan to do in next twelve months	**2**	**2**	**1**	**2**	**1**	**3**	**2**	**2**	**2**	**3**
Don't plan to do	**96**	**98**	**95**	**93**	**98**	**93**	**95**	**96**	**96**	**95**

X = Subgroup sample size is too small for meaningful analysis.

Marketing Priorities

Over 60% of respondents report that they have started using or increased their use of point-of-purchase sales aids, or increased their use of co-op advertising in the past twelve months. Over 70% of all respondents plan to use these strategies in the next twelve months. About 60% have increased their advertising or promotional budget in the past year, and the same proportion plan to do so in the near future. About half have reformatted their sales floor in the past year or plan to do so in the next year. Changing the major source of supplies has not been an important strategy in the past twelve months and is not likely to be one in the near future. However, fully 44% have changed their major supplier at some point in the past.

Detailed findings on the marketing tactics of various subgroups within the hardware industry are presented in Table 5-5.

Point-of-Purchase Sales Aids
Point-of-purchase sales aids have been popular in the past and will continue to be popular in the future. Large majorities (over 75%) in all subgroups have used them in the past (over 60% within the last twelve months), and large majorities of all respondents (ranging from 64% to 80% across subgroups) plan to use them in the future. Point-of-purchase sales aids are likely to find their greatest use in home centers, stores with a 1983 sales volume of at least $500,000, and stores with a selling area of at least 5,000 square feet.

Co-op Advertising with Manufacturers
While a majority (79%) of the respondents overall have used manufacturers' funds for co-op advertising in the past, home center owners are most likely (93%) to have done so. Fully 80% of home centers have used co-op advertising in the last twelve months, and 86% plan to do so in the next twelve months.

At the other extreme are respondents with 1983 sales below $500,000, only 65% of whom have used co-op advertising in the past and 63% of whom plan to do so in the next twelve months. Over 70% in all other subgroups have used co-op advertising in the past or plan to do so in the future. Furthermore, stores with a large selling area are more likely than smaller stores to have used co-op advertising in the past or to use this resource in the future.

Advertising or Promotional Budget
Advertising and promotion is clearly an important business strategy in this industry. Overall, 81% of the respondents have increased their advertising or promotional budget in the past, with 60% having done so in the last twelve months. Notable among the subgroups are home center owners, 91% of whom have taken this step in the past. Home centers are also the most likely (66%) of the NRHA groups to increase their advertising or promotional budgets in the next twelve months.

Not surprisingly, those with a 1983 sales volume of at least $500,000 are most likely to have increased their advertising or promotional budget in the past or to plan to do so in the next twelve months.

Reformatting the Sales Floor
Large majorities (over 70%) in all subgroups have changed their sales floor layout in the past, with over 50% of all but two subgroups having done so in the past twelve months. Lumber store owners and those with a smaller selling area (under 5,000 square feet) are a little less likely than others to have made such changes.

Moreover, with the above two exceptions and the exception of those with a lower sales volume (below $500,000 in 1983), over 50% in all subgroups plan to reformat their sales floor in the next twelve months.

Changing Source of Supplies
Although 54% of all respondents have never changed their major source of supplies, modest majorities of home centers (57%), those with the largest 1983 sales volumes (56%), and those with the largest selling areas (52%) have done so in the past. Lumber store owners are equally split between those who have and those who haven't changed their major source of supplies.

Less than 25% in any subgroup have made this change in the past twelve months, and less than 20% plan to make such a change in the next twelve months.

However, it is noteworthy that at least 10% of *every* subgroup do plan to change their major source of supplies in the next twelve months.

Table 5-5 **Marketing Priorities: Past and Future**

Q.: Again, after I read each of the following, please tell me whether you have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have never done this.

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Hardware Industry	NRHA Designated Business			1983 Sales			Selling Area		
		Hardware	Home Center	Lumber	Under $500,000	$500,000-$999,999	$1,000,000 and Over	Under 5,000 Sq. Ft.	5,000-9,999 Sq. Ft.	10,000 Sq. Ft. and Over
Base	502	183	139	180	136	103	181	174	156	159
	%	%	%	%	%	%	%	%	%	%
Use, or increase the use of, point-of-purchase sales aids										
Done in last twelve months	68	68	74	64	63	74	72	63	71	72
Done earlier	13	13	13	13	15	10	15	14	12	14
Never done	17	17	12	19	20	12	12	21	14	13
Plan to do in next twelve months	71	72	80	64	67	79	79	65	77	74
Don't plan to do	24	25	14	28	28	18	17	31	18	20
Use more manufacturers' funds for co-op advertising										
Done in last twelve months	64	58	80	63	46	74	74	55	63	75
Done earlier	15	16	13	14	19	10	14	17	16	9
Never done	20	24	8	20	32	16	10	26	20	14
Plan to do in next twelve months	75	72	86	71	63	84	80	72	74	80
Don't plan to do	23	26	13	25	33	13	19	25	23	18
Increase your advertising or promotional budget										
Done in last twelve months	60	59	68	56	51	69	67	60	60	62
Done earlier	21	22	23	18	26	13	18	19	25	20
Never done	18	19	8	24	22	17	14	20	15	17
Plan to do in next twelve months	59	56	66	59	51	57	63	59	60	61
Don't plan to do	38	40	32	37	44	37	33	38	39	36

(Continued)

Table 5-5 (Continued) **Marketing Priorities: Past and Future**

	Total Hardware Industry	NRHA Designated Business			1983 Sales			Selling Area		
		Hardware	Home Center	Lumber	Under $500,000	$500,000-$999,999	$1,000,000 and Over	Under 5,000 Sq. Ft.	5,000-9,999 Sq. Ft.	10,000 Sq. Ft. and Over
Base	502	183	139	180	136	103	181	174	156	159
	%	%	%	%	%	%	%	%	%	%
Reformat your sales floor										
Done in last twelve months	53	59	53	42	51	52	61	46	52	64
Done earlier	27	24	28	32	28	29	24	28	31	20
Never done	20	17	20	25	22	17	15	26	16	16
Plan to do in next twelve months	49	51	51	45	44	53	53	43	52	54
Don't plan to do	48	47	48	52	53	44	45	53	45	44
Change your major source of supplies										
Done in last twelve months	16	15	15	20	13	14	23	18	15	17
Done earlier	28	23	42	28	27	23	33	26	25	35
Never done	54	62	42	49	59	57	43	54	60	46
Plan to do in next twelve months	13	12	15	16	10	11	19	15	11	14
Don't plan to do	82	85	82	77	85	84	78	79	87	78

Business Expansion And Growth

Expansion strategies in the hardware industry tend to center on hiring more employees or in some manner expanding the business at the present location. Over 70% have taken each of these steps in the past (over a third have taken each step in the last twelve months) and 49% and 39%, respectively, plan to take each step in the future. While 18% say they have made employee cutbacks in the past year, and 29% have made such cutbacks before that, only 9% anticipate such cutbacks in the next year.

On the other hand, while only 10% have acquired another business or added a new branch in the past year (19% in earlier years), 16% plan to do so in the next twelve months.

Relocating the business in the same community has not been a priority in the past and is not likely to be one in the near future.

Detailed findings on the business expansion tactics reported by various subgroups are presented in Table 5-6.

Hiring More Employees and Employee Cutbacks
Overall, 78% of the respondents have hired more employees in the past, 43% within the last twelve months. What is significant is that 21% have never at any point hired more employees. Most likely *not* to have hired more employees are hardware store owners (26%), those with 1983 sales below $500,000 (31%), and those with a selling area of under 5,000 square feet (27%).

While about half the respondents, overall, plan to hire more employees in the next twelve months, the most likely to do so are home centers and those with 1983 sales of $1,000,000 or more.

While a marginal majority (52%), overall, have never *reduced* the number of employees in their store, 61% of home center owners and 54% of those with 1983 sales over $1,000,000 have done this at some point in the past. Less than 20% in all categories have made employee cutbacks in the last twelve months, and less than 15% plan any cutbacks in the next twelve months.

Expanding Business at Present Location
Fully 72% of all respondents have expanded their business at their present location in the past, with 35% having done so in the last twelve months. Home centers and those with a large 1983 sales volume are most likely to have taken this step in the past.

Plans for the next twelve months include this type of expansion for 39% overall, but for 52% of the home centers. Not surprisingly, those with higher 1983 sales are more likely than those with lower 1983 sales to expand in the next twelve months.

Expanding Through Acquisitions or New Branches
While the majority (69% overall) have not acquired another business or opened a new branch in the past, 10% have done so in the past twelve months and 16% plan to do so in the next twelve months. Most likely to have done so in the past or to do so in the future are home centers and those with a 1983 sales volume of $1,000,000 or more. Fully 38% of home centers and 42% of the high 1983 sales stores (compared with 29% overall) have taken this step in the past, and 24% and 21% of each group (compared with 16% overall) plan to do so in the future.

Least likely to have taken this step in the past or to do so in the future are hardware stores, stores with a 1983 sales volume of below $500,000, and stores with a relatively small selling area (under 5,000 square feet).

Relocating Business in the Same Community
A fairly small minority (21% overall) have relocated their business in the same community, and an even smaller minority (7%) plan to do so in the future. Although minorities in all categories have taken this step in the past, home center owners (32%) and owners of stores with a large 1983 sales volume (29%) are most likely to have done so.

Thirteen percent of home centers plan to relocate in the next twelve months. For every other subgroup, no more than 7% plan to take this step.

Table 5-6 **Business Expansion Plans: Past and Future**

Q.: Again, after I read each of the following, please tell me whether you have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have never done this.

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Hardware Industry	NRHA Designated Business			1983 Sales			Selling Area		
		Hardware	Home Center	Lumber	Under $500,000	$500,000-$999,999	$1,000,000 and Over	Under 5,000 Sq. Ft.	5,000-9,999 Sq. Ft.	10,000 Sq. Ft. and Over
Base	502	183	139	180	136	103	181	174	156	159
	%	%	%	%	%	%	%	%	%	%
Hire more employees										
Done in last twelve months	43	40	50	42	32	48	55	41	44	45
Done earlier	35	33	34	37	36	38	33	28	41	34
Never done	21	26	14	15	31	11	10	27	14	19
Plan to do in next twelve months	49	45	60	50	43	47	58	45	50	54
Don't plan to do	43	49	34	40	49	44	37	45	45	41
Expand your business at your present location										
Done in last twelve months	35	31	40	38	26	36	47	34	34	37
Done earlier	37	36	40	37	36	42	37	32	44	37
Never done	27	32	18	24	37	20	16	32	23	24
Plan to do in next twelve months	39	31	52	44	25	42	48	39	42	36
Don't plan to do	58	66	46	52	72	56	50	58	58	57
Reduce the number of employees you have										
Done in last twelve months	18	19	16	17	17	19	17	17	18	16
Done earlier	29	22	45	32	24	25	37	25	29	33
Never done	52	59	38	50	57	55	44	56	52	50
Plan to do in next twelve months	9	11	7	8	10	13	6	8	9	9
Don't plan to do	87	85	91	88	86	80	92	87	89	86

(Continued)

Table 5-6 (Continued) **Business Expansion Plans: Past and Future**

	Total Hardware Industry	NRHA Designated Business			1983 Sales			Selling Area		
		Hardware	Home Center	Lumber	Under $500,000	$500,000-$999,999	$1,000,000 and Over	Under 5,000 Sq. Ft.	5,000-9,999 Sq. Ft.	10,000 Sq. Ft. and Over
Base	502	183	139	180	136	103	181	174	156	159
	%	%	%	%	%	%	%	%	%	%
Acquire another business or open a branch or additional branches										
Done in last twelve months	**10**	**10**	**13**	**6**	**10**	**5**	**14**	**8**	**12**	**10**
Done earlier	**19**	**14**	**25**	**22**	**13**	**15**	**28**	**17**	**22**	**18**
Never done	**69**	**74**	**59**	**69**	**77**	**77**	**56**	**73**	**66**	**70**
Plan to do in next twelve months	**16**	**14**	**24**	**12**	**8**	**17**	**21**	**11**	**17**	**19**
Don't plan to do	**79**	**82**	**70**	**82**	**88**	**80**	**73**	**83**	**79**	**75**
Relocate your business in the same community										
Done in last twelve months	**5**	**3**	**8**	**5**	**3**	**4**	**7**	**4**	**4**	**6**
Done earlier	**16**	**14**	**24**	**15**	**17**	**12**	**22**	**12**	**18**	**20**
Never done	**78**	**81**	**68**	**79**	**79**	**84**	**70**	**82**	**79**	**72**
Plan to do in next twelve months	**7**	**5**	**13**	**4**	**7**	**7**	**7**	**7**	**7**	**5**
Don't plan to do	**90**	**91**	**87**	**92**	**89**	**89**	**92**	**89**	**91**	**89**

Participation in Professional Activities

An overwhelming majority (94%) report that they read literature sent by their wholesalers at least somewhat frequently. Also read frequently by sizable majorities (over 85%) of respondents are trade magazines, newsletters from trade associations or industry consultants, and literature from product manufacturers.

Majorities also report that they keep track of their competition by following their advertising or by visiting their stores at least somewhat frequently.

A sizable minority (41%) frequently travel to other trading areas to study retailing trends, but very few commission formal market research or hire outside consultants on a regular basis.

A sizable majority report that they attend trade meetings and shows sponsored by wholesalers at least somewhat frequently, but only a minority attend meetings sponsored by others or attend executive seminars this frequently. Of the three NRHA designated businesses, greater proportions of home center owners than of lumber or hardware store owners are frequent participants in virtually all the professional activities discussed above.

There is also a tendency for respondents with a high sales volume or a large selling area to participate in all these activities more frequently than those with a lower sales volume or smaller selling area.

Details on the activities of various subgroups are presented in Table 5-7.

Table 5-7 **Participation in Professional Activities**

Q.: How often do you (READ EACH ITEM)—very frequently, somewhat frequently, not very frequently, or not frequently at all?

	Total Hardware Industry	NRHA Designated Business			1983 Sales			Selling Area		
		Hardware	Home Center	Lumber	Under $500,000	$500,000-$999,999	$1,000,000 and Over	Under 5,000 Sq. Ft.	5,000-9,999 Sq. Ft.	10,000 Sq. Ft. and Over
Base	502	183	139	180	136	103	181	174	156	159
	%	%	%	%	%	%	%	%	%	%
Read literature mailed to you by your wholesaler										
Very frequently	70	71	77	63	66	73	73	65	72	75
Somewhat frequently	24	22	19	30	25	21	23	28	24	18
Not very/not frequently at all	5	6	4	6	8	5	5	7	5	6
Read trade magazines										
Very frequently	59	59	74	47	55	59	67	55	60	64
Somewhat frequently	31	29	22	42	34	34	26	34	32	27
Not very/not frequently at all	9	12	3	10	11	7	7	10	10	7
Read newsletters from trade associations or industry consultants										
Very frequently	53	48	63	56	47	50	67	53	51	59
Somewhat frequently	34	36	28	35	37	40	24	32	37	32
Not very/not frequently at all	13	15	9	8	15	9	8	14	11	9
Read literature mailed to you by product manufacturers										
Very frequently	51	51	58	48	44	60	56	47	55	55
Somewhat frequently	36	36	35	37	42	29	34	38	35	34
Not very/not frequently at all	11	13	7	13	14	11	8	14	9	8
Follow competitors' advertising										
Very frequently	49	45	57	49	41	56	56	46	47	55
Somewhat frequently	27	25	31	29	25	25	30	24	33	24
Not very/not frequently at all	23	29	14	22	34	18	14	29	19	21

(Continued)

Table 5-7 (Continued) **Participation in Professional Activities**

	Total Hardware Industry	NRHA Designated Business			1983 Sales			Selling Area		
		Hardware	Home Center	Lumber	Under $500,000	$500,000-$999,999	$1,000,000 and Over	Under 5,000 Sq. Ft.	5,000-9,999 Sq. Ft.	10,000 Sq. Ft. and Over
Base	502	183	139	180	136	103	181	174	156	159
	%	%	%	%	%	%	%	%	%	%
Attend trade meetings or shows sponsored by wholesalers										
Very frequently	32	29	42	29	28	31	37	28	37	31
Somewhat frequently	47	45	48	50	46	47	46	45	48	48
Not very/not frequently at all	21	25	10	21	25	21	16	27	15	18
Visit competitive stores in your trading area										
Very frequently	24	26	28	17	20	24	29	17	25	31
Somewhat frequently	41	39	43	42	39	43	42	42	45	36
Not very/not frequently at all	35	34	30	41	39	30	29	43	30	32
Attend trade meetings or shows other than those sponsored by wholesalers										
Very frequently	11	6	24	12	5	7	21	9	12	14
Somewhat frequently	27	21	28	36	23	29	33	26	27	27
Not very/not frequently at all	61	71	48	52	70	64	45	66	61	58
Attend executive seminars										
Very frequently	10	7	14	11	7	8	14	6	13	11
Somewhat frequently	30	28	42	26	23	33	36	25	31	34
Not very/not frequently at all	60	65	44	62	70	58	50	67	56	55
Travel to other trading areas to study retailing trends										
Very frequently	10	9	13	9	4	13	11	6	12	13
Somewhat frequently	31	29	38	29	23	31	39	24	35	34
Not very/not frequently at all	58	61	48	62	72	57	47	69	53	51

(Continued)

Table 5-7 (Continued) **Participation in Professional Activities**

	Total Hardware Industry	NRHA Designated Business			1983 Sales			Selling Area		
		Hardware	Home Center	Lumber	Under $500,000	$500,000-$999,999	$1,000,000 and Over	Under 5,000 Sq. Ft.	5,000-9,999 Sq. Ft.	10,000 Sq. Ft. and Over
Base	502	183	139	180	136	103	181	174	156	159
	%	%	%	%	%	%	%	%	%	%
Commission formal market research in your trading area										
Very frequently	5	5	7	2	3	5	5	4	5	5
Somewhat frequently	12	10	14	12	8	12	14	9	12	15
Not very/not frequently at all	81	82	76	83	85	82	80	83	84	78
Hire outside consultants										
Very frequently	1	*	5	1	1	2	4	–	2	4
Somewhat frequently	8	5	15	6	4	8	13	5	6	11
Not very/not frequently at all	90	94	81	92	95	89	82	96	92	85

*Less than 0.5%.

Demographic and Background Information

While hardware stores primarily carry hardware, home centers and lumber stores carry all three major product lines—that is, lumber, building materials, and hardware.

On the average, home centers tend to have the largest *inside* selling area, with hardware stores second and lumber stores last. On the average, hardware stores tend to have the fewest full-time employees and home centers tend to have the most. This industry does not hire very many part-time employees.

On the average, gross revenues in 1983 were highest for home centers, second for lumber stores, and lowest for hardware stores.

A large majority of hardware stores do most of their business with a single wholesaler, as do a smaller but still sizable majority of home centers. Lumber stores, on the other hand, are more likely to have multiple sources than a single major wholesaler.

Tables 5-8 and 5-9 provide details on the size and scope of the businesses in the hardware industry. Table 5-9 also indicates what percentage of businesses in the three categories use specific wholesalers.

Table 5-8 Size and Scope of Business

	Total Hardware Industry	NRHA Designated Business		
		Hardware	Home Center	Lumber
Base	502	183	139	180
	%	%	%	%
Product Lines Carried				
Lumber	55	19	91	97
Building materials	52	19	88	88
Hardware	97	96	99	97
Size of Inside Selling Area				
Under 3,000 square feet	15	15	6	22
3,000-4,999 square feet	20	22	8	27
5,000-9,999 square feet	33	38	34	23
10,000-19,999 square feet	22	19	39	17
20,000 square feet and over	7	5	13	8
Gross Revenues in 1983				
Under $500,000	33	53	4	19
$500,000-$749,999	11	12	5	14
$750,000-$999,999	9	4	9	16
$1,000,000-$1,999,999	15	7	28	19
$2,000,000 and over	16	7	39	16
No answer	16	16	16	17
Number of Full-Time Employees				
5 or fewer	46	68	6	33
6-25	46	26	78	59
26-100	6	4	13	6
101 or more	*	–	1	1
Number of Part-Time Employees				
5 or fewer	90	90	85	94
6-25	8	7	15	4
26 or more	1	1	–	1

*Less than 0.5%.

Table 5-9 **Source of Supplies**

	Total Hardware Industry	NRHA Designated Business		
		Hardware	Home Center	Lumber
	%	%	%	%
Primary Source of Supplies				
(Base)	(502)	(183)	(139)	(180)
Single wholesaler	**65**	**81**	**63**	**39**
Not a single wholesaler	**34**	**19**	**38**	**61**
Wholesaler				
(Base = Those with single wholesaler)	(304)	(147)	(87)	(70)
Ace Hardware Corporation	**12**	**12**	**17**	**7**
Cotter and Company	**20**	**23**	**18**	**9**
Hardware Wholesalers, Inc.	**12**	**5**	**22**	**22**
American Hardware Supply Company	**9**	**9**	**11**	**9**
Other	**45**	**49**	**31**	**52**

Table 5-10 presents information on such owner characteristics as age, education, length of ownership of the business, and reported level of participation in community affairs. Overall, majorities (over 80%) of owners in all three types of business are from 30 to 64 years of age, with home center owners being slightly older than owners in the other two categories.

The educational backgrounds of the three groups are roughly comparable, with more than half of respondents in all groups having had some college. Home center owners, by a small margin, are most likely to have a college degree.

On the average, hardware store owners have owned their business for less time and home center owners have owned their business for a longer time than lumber store owners.

Majorities of all three groups consider themselves at least somewhat active in community life.

Table 5-10 Characteristics of Owners

	Total Hardware Industry	NRHA Designated Business		
		Hardware	Home Center	Lumber
Base	502	183	139	180
	%	%	%	%
Age of Owner				
18-29 years	6	5	7	6
30-49 years	49	52	42	48
50-64 years	37	36	40	33
65 and over	8	5	10	12
Education of Owner				
Some high school or less	4	5	3	4
High school graduate	28	28	28	28
Some college	29	32	23	27
Four-year college graduate or more	38	34	46	40
Have Owned Business:				
5 or fewer years	21	23	14	22
6-14 years	35	40	30	28
15-25 years	22	19	25	25
26 years or more	21	16	30	22
Participation in Community Affairs				
Very active	35	34	39	32
Somewhat active	32	29	34	36
Not very active	19	21	16	18
Not active at all	14	15	12	13

6: The Precision Metalworking Industry

This chapter reports on management priorities and practices specific to the precision metalworking industry. The findings are reported for the overall industry, as well as for the following specific subgroups within the industry:

Size of Place
- Businesses in central cities of metropolitan areas; and
- Businesses in metropolitan areas but outside central cities.

1983 Sales
- Businesses with 1983 revenues of under $500,000;
- Businesses with 1983 revenues of from $500,000 to $999,999; and
- Businesses with 1983 revenues of $1,000,000 or more.

Number of Full-Time Employees
- Businesses with five or fewer employees;
- Businesses with from six to fifteen employees;
- Businesses with from sixteen to thirty employees; and
- Businesses with more than thirty employees.

General and Personnel Management

Large majorities of business owners in the precision metalworking industry have reduced their operating costs, started or upgraded quality control programs, or sent employees for further education and training, particularly in the last twelve months. Clear majorities also plan to take these steps in the next twelve months.

A smaller majority (69%) have had a structured training program for shop-floor employees in the past, with 43% reporting that they have started or upgraded such a program in the past twelve months. However, this is reported to be a priority for the next twelve months by 59% of the respondents.

Structured training programs for management have been and are likely to be a lower priority in this industry. About a third of the respondents have ever started such a program, and virtually the same number plan to do so in the near future.

While 36% say they have started training a successor in the past twelve months (21% earlier), fully 43% have never done so. Of the latter group, 71% report no plans to begin training a successor in the next twelve months.

Slightly over half have installed a computer at some point in the past (30% within the last twelve months), and of those who haven't done so, 38% plan to do so in the next twelve months. While 48% of those who have not already done so report *no* plans to install a computer in the next twelve months, 14% are unsure of their plans regarding computers.

Detailed findings on general and personnel management actions and priorities are reported below and are presented in Tables 6-1, 6-2, and 6-3.

Operating Costs
While majorities in all subgroups have reduced their operating costs in the last twelve months, those in central city locations are more likely to have done so than those in other parts of metropolitan areas. Those with larger businesses (with 1983 sales of at least $1,000,000 or with over thirty full-time employees) are more likely to have done so than those with smaller businesses. Larger businesses are also more likely to plan to cut operating costs in the next twelve months.

Overall, while two-thirds plan to cut operating costs in the next twelve months, a third have no such plans. Small businesses (1983 sales under $500,000; five or fewer full-time employees) stand out as having significant minorities who will not take steps to cut costs in the near future (40% and 47%, respectively).

Quality Control Programs
Clear majorities in all subgroups have started or upgraded a quality control program in their shops at some point in the past. Those with five or fewer employees are least likely to have done so, with 35% reporting that they have never taken this step. Quality control is an important future priority in this industry. Majorities in all subgroups (71% overall) plan to institute or upgrade quality control programs in the next twelve months.

Employee Education and Training
There is a clear relationship between the size of the business, as defined by number of full-time employees and 1983 sales, and support for employee education and training. In general, smaller businesses are less likely than larger ones to report this as a past or future priority. Nonetheless, majorities (albeit marginal majorities among small businesses) have established training programs for shop-floor employees in the past or plan to start or upgrade such programs in the next twelve months.

Majorities in all subgroups except small businesses (sales below $500,000; five or fewer employees) report that they have sent employees to colleges, universities, or technical schools for further training in the past twelve months or plan to do so in the next twelve months.

Management training has been instituted by minorities of respondents in all subgroups. Overall, only a third of all respondents plan to take this step in the next twelve months; however, these minorities are larger (over 40%) among both businesses with 1983 sales of $1,000,000 or more and businesses with over thirty full-time employees.

Training a Successor
Overall, 36% report that they have begun training a successor in the past twelve months, 21% report having done so earlier, and fully 43% say they have never done so. Owners of small businesses (those with 1983 sales below $500,000 or with five or fewer employees) are most likely (52% each) to have *never* taken this step.

Only a fourth of those who have not already begun training a successor plan to do so in the near future.

Installing a Computer
Fifty-three percent of respondents say they have installed a computer in the past, with 30% having installed a computer within the past twelve months. The likelihood of having installed a computer is lowest among the smallest businesses; among businesses with 1983 sales below $500,000 and among those with five or fewer employees, 33% and 23%, respectively, have taken this step. Businesses with more than thirty employees are most likely to have installed a computer (81%). Overall, 38% of respondents who do not presently have a computer plan to install one in the near future.

Table 6-1 General Management: Actions Taken in the Past

Q.: I am going to read a list of steps that a business such as yours may take. After I read each one, please tell me whether *you* have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have *never* done this.

	Total Precision Metalworking Industry	Size of Place		1983 Sales			Full-Time Employees			
		Central City	Balance of SMSA	Under $500,000	$500,000-$999,999	$1,000,000 and Over	5 or Fewer	6-15	16-30	More Than 30
Base	502	234	222	153	103	164	89	196	106	111
	%	%	%	%	%	%	%	%	%	%
Begin training a successor										
Done in last twelve months	**36**	**36**	**36**	**31**	**36**	**42**	**30**	**38**	**39**	**36**
Done earlier	**21**	**21**	**21**	**16**	**26**	**19**	**17**	**20**	**20**	**26**
Never done	**43**	**42**	**43**	**52**	**38**	**40**	**52**	**42**	**42**	**38**
Install a computer										
Done in last twelve months	**30**	**32**	**27**	**16**	**39**	**39**	**12**	**27**	**30**	**50**
Done earlier	**23**	**22**	**24**	**17**	**19**	**33**	**11**	**17**	**36**	**31**
Never done	**47**	**46**	**48**	**67**	**42**	**29**	**76**	**57**	**34**	**20**

Table 6-2 General Management: Actions Planned for the Future

Base: Those who have never taken each action

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Precision Metalworking Industry	Size of Place		1983 Sales			Full-Time Employees			
		Central City	Balance of SMSA	Under $500,000	$500,000-$999,999	$1,000,000 and Over	5 or Fewer	6-15	16-30	More Than 30
	%	%	%	%	%	%	%	%	%	%
Begin training a successor										
(Base)	(214)	(99)	(95)	(79)	(39)	(65)	(46)	(82)	(44)	(42)
Plan to do in next twelve months	**25**	**22**	**26**	**19**	**38**	**28**	**17**	**27**	**27**	**26**
Don't plan to do	**71**	**74**	**69**	**77**	**62**	**66**	**83**	**68**	**66**	**71**
Install a computer										
(Base)	(237)	(107)	(107)	(103)	(43)	(47)	(68)	(111)	(36)	(22)
Plan to do in next twelve months	**38**	**35**	**39**	**37**	**44**	**49**	**31**	**34**	**47**	**X**
Don't plan to do	**48**	**46**	**52**	**45**	**44**	**43**	**53**	**54**	**36**	**X**

X = Subgroup sample size is too small for meaningful analysis.

Table 6-3 General Management and Personnel Management Priorities: Past and Future

Q.: Again, after I read each of the following, please tell me whether you have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have never done this.

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Precision Metalworking Industry	Size of Place		1983 Sales			Full-Time Employees			
		Central City	Balance of SMSA	Under $500,000	$500,000-$999,999	$1,000,000 and Over	5 or Fewer	6-15	16-30	More Than 30
Base	502	234	222	153	103	164	89	196	106	111
	%	%	%	%	%	%	%	%	%	%
Reduce your operating costs										
Done in last twelve months	65	68	59	59	57	73	60	61	68	73
Done earlier	15	15	14	14	18	14	11	14	17	16
Never done	20	15	26	26	22	12	28	24	14	9
Plan to do in next twelve months	61	61	61	56	64	68	48	65	58	68
Don't plan to do	34	35	35	40	29	28	47	32	34	28
Start or upgrade a quality control program										
Done in last twelve months	63	60	63	54	69	69	47	61	69	72
Done earlier	18	18	18	20	19	17	18	17	19	19
Never done	19	21	18	25	12	15	35	21	12	9
Plan to do in next twelve months	71	69	71	71	71	77	65	70	75	74
Don't plan to do	27	29	27	26	28	23	31	29	25	23
Send employees to colleges, universities, or technical schools for further training										
Done in last twelve months	54	54	55	37	60	67	29	53	59	69
Done earlier	19	19	18	22	21	14	12	24	15	16
Never done	28	26	28	41	18	20	58	22	25	14
Plan to do in next twelve months	65	65	65	50	73	78	44	63	69	82
Don't plan to do	31	30	32	45	23	21	48	32	29	16

(Continued)

Table 6-3 (Continued) **General Management and Personnel Management Priorities: Past and Future**

	Total Precision Metalworking Industry	Size of Place		1983 Sales			Full-Time Employees			
		Central City	Balance of SMSA	Under $500,000	$500,000-$999,999	$1,000,000 and Over	5 or Fewer	6-15	16-30	More Than 30
Base	502	234	222	153	103	164	89	196	106	111
	%	%	%	%	%	%	%	%	%	%
Start or upgrade a structured training program for shop-floor employees										
Done in last twelve months	43	44	43	35	45	47	30	44	48	49
Done earlier	26	26	27	27	24	30	20	25	27	32
Never done	30	30	30	39	31	24	48	31	25	19
Plan to do in next twelve months	59	59	60	54	62	62	51	58	61	67
Don't plan to do	38	38	38	42	35	37	45	40	35	32
Start or upgrade a structured training program for management										
Done in last twelve months	23	22	24	17	20	25	11	24	29	26
Done earlier	12	12	11	10	13	13	11	9	13	17
Never done	64	65	65	72	66	63	78	67	57	57
Plan to do in next twelve months	34	32	35	27	29	42	22	29	38	47
Don't plan to do	63	65	62	68	68	58	70	68	58	52

Marketing Management

Introducing new products and services appears to be the most important marketing strategy in this industry, with 65% reporting that they have done this in the past and 51% reporting plans to do so in the near future. On the other hand, a third say they have eliminated old products and services in the past, and only 14% of all respondents plan to do this in the next twelve months.

About as many companies that have increased their advertising or promotional budget in the past twelve months are likely to do so in the next twelve. Fully 55% of the respondents, however, do not plan to increase their advertising or promotional budget in the near future. And while 37% report that they have structured their companies to directly supply end-users in the past twelve months, 43% report plans to do so in the next twelve months.

Detailed findings regarding marketing strategies in this industry are reported below and are presented in Table 6-4.

Introducing New Products or Services
While 42% say they have introduced new products or services in the past twelve months, 23% say they have done this earlier, and 34% say they have never expanded their product line or services. Larger companies are more likely than smaller companies to have introduced new products or services in the past and are also more likely to do so in the future. For example, while 51% overall report that they plan to take this step in the next twelve months, the figure is 63% for owners with more than thirty employees.

Advertising or Promotional Budget
Just over a third (38%) have increased their advertising or promotional budget in the past twelve months, while 42% have never done this. The majority (55%) do not plan to increase their advertising or promotional budget in the next twelve months. Company size (measured in terms of number of employees) appears to be an important factor here; 49% of companies with over thirty employees plan to increase their advertising or promotional budget, but only 31% of companies with five or fewer employees plan to do so.

Supplying End-Users Directly
While 47% of the respondents have structured their companies to directly supply end-users in the past (37% within the past twelve months), fully 47% have never done this. Overall, 43% of all respondents plan to take this step in the next twelve months, while 50% have no such plans. Intergroup differences are minimal on this point.

Eliminating Old Products or Services
Eliminating old products or services does not appear to have been a major priority in this industry in the past, and it is not likely to be one in the near future. While 18% have eliminated some products or services in the past twelve months, only 14% overall plan to do this in the next twelve months. Compared with these norms, significantly larger minorities of owners of businesses employing over thirty people (29%) and owners of businesses with 1983 sales of $1,000,000 or over (24%) have dropped old product lines or services.

Table 6-4 **Marketing Priorities: Past and Future**

Q.: Again, after I read each of the following, please tell me whether you have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have never done this.

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Precision Metalworking Industry	Size of Place		1983 Sales			Full-Time Employees			
		Central City	Balance of SMSA	Under $500,000	$500,000-$999,999	$1,000,000 and Over	5 or Fewer	6-15	16-30	More Than 30
Base	502	234	222	153	103	164	89	196	106	111
	%	%	%	%	%	%	%	%	%	%
Introduce new products or services										
Done in last twelve months	42	44	40	35	40	50	37	38	49	48
Done earlier	23	25	24	19	30	22	18	23	22	29
Never done	34	31	36	46	29	29	45	39	28	23
Plan to do in next twelve months	51	51	50	44	57	55	45	49	48	63
Don't plan to do	44	45	45	51	40	42	48	48	44	34
Increase your advertising or promotional budget										
Done in last twelve months	38	38	38	37	38	43	30	39	39	43
Done earlier	18	22	16	14	19	21	11	18	25	17
Never done	42	40	44	48	42	36	57	43	34	38
Plan to do in next twelve months	41	39	42	41	43	45	31	42	41	49
Don't plan to do	55	56	54	57	52	53	65	55	53	48
Structure your company to directly supply end-users										
Done in last twelve months	37	34	36	36	36	37	38	36	34	41
Done earlier	10	11	11	9	12	13	4	11	11	13
Never done	47	49	48	49	47	45	51	47	50	41
Plan to do in next twelve months	43	40	40	41	43	46	37	43	43	45
Don't plan to do	50	51	53	52	50	47	54	49	50	47
Eliminate old products or services										
Done in last twelve months	18	18	20	14	15	24	19	14	12	29
Done earlier	14	14	14	11	19	15	10	14	16	16
Never done	67	68	64	75	62	63	71	69	71	55
Plan to do in next twelve months	14	13	16	10	17	19	12	14	8	23
Don't plan to do	83	84	82	88	79	80	88	82	92	74

Business Expansion and Growth

A reported two-thirds of the businesses in the precision metalworking industry have grown by expanding into larger regional markets. And among those who have not already done so, 27% report plans to expand into larger regional markets in the near future.

The strategy of expanding to serve larger national markets has been used in the past by about half the respondents. However, achieving growth by being acquired by another business or expanding into international markets has not been a popular strategy in the past and is not likely to be popular in the near future.

Majorities have grown by hiring new employees or investing in capital equipment, particularly in the past twelve months.

A somewhat smaller majority have moved to a larger location in the past. Nearly a third have sought expansion funding in the past twelve months, nearly a third have done so earlier, and a little over a third have never sought such funding.

A noteworthy minority (43%) have structured their company to enter relaied fields in the past, but very few (19%) have entered unrelated fields. Acquiring another business and opening additional places of business are expansion strategies used by very small minorities in this industry.

Generally, future plans tend to parallel past actions in popularity.

Detailed findings on these expansion strategies are reported below and are presented in Tables 6-5, 6-6, and 6-7.

Investing in Capital Equipment
Investing in new capital equipment has been a priority in the past and will continue to be a priority in this industry in the near future. Fully 69% have invested in new capital equipment in the past twelve months, and 76% of all respondents plan to do so in the next twelve months. Future capital investment plans are more likely to be reported by larger than by smaller firms.

Expanding To Serve Larger Markets
Clear majorities (67% overall) in virtually all subgroups have expanded into larger regional markets in the past. Of those who have not already done so, only 27% plan to do so in the near future.

Expanding into national markets in the past is reported by 49% overall, but by clear majorities of businesses with over fifteen full-time employees and businesses with 1983 revenues of $1,000,000 or more. Small businesses are least likely to have taken this step in the past. Overall, only 15% of those who have not already done so plan to expand into national markets in the next twelve months.

Fully 77% of the respondents have never expanded into international markets, and only 10% of them plan to do so in the next twelve months. A noteworthy 35% of those with over thirty full-time employees have expanded into international markets in the past.

Hiring More Employees Versus Employee Reduction
Overall, fully 68% have hired more employees in the past twelve months, and 76% of all respondents plan to do so in the next twelve months. Larger companies are more likely than smaller companies to have hired in the past twelve months, but future plans are unrelated to size of company.

On the other hand, while 24% have had employee cutbacks in the past twelve months, 32% have had them in previous years, and 44% have never had them. The industry is clearly optimistic about the future, with only 6% of all respondents reporting plans for employee cutbacks in the next twelve months.

Seeking Additional Money for Expansion
While 31% have sought additional money for expansion in the past twelve months, 42% of all respondents plan to do so in the next twelve months. Larger businesses are clearly more likely than smaller businesses to have sought funds in the recent past and are slightly more likely to do so in the near future.

Diversifying Into Related and Unrelated Fields
While a small majority (57% overall) have *never* diversified into a related field such as metalstamping or plastic parts production, a large majority (80%) have never structured their company to enter an unrelated field.

The larger businesses (in terms of both 1983 revenues and number of employees) are more likely than smaller businesses to have diversified into related fields. Over 50% of those with more than thirty employees and of those with 1983 gross revenues of $1,000,000 or more have done so in the past. Similarly, these businesses are also the most likely to take this step in

the future. Overall, 31% of all respondents plan to structure their company to enter related fields and 16% plan to enter unrelated fields in the next twelve months.

Opening Additional Places of Business
Very few (21% overall) have ever opened additional places of business, and only 13% of respondents plan to do so in the next twelve months. Slightly larger minorities of large businesses have done this in the past or plan to do this in the future. For example, 39% of the companies with more than thirty full-time employees have opened additional places of business in the past, and 22% plan to do so in the next twelve months.

Moving to a Larger Location
While, overall, 53% have moved to a larger location at some time in the past, only 11% have done so in the past twelve months. However, 23% of all respondents plan to relocate in the next twelve months. Significantly more smaller companies (those with 1983 revenues below $500,000 and those with five or fewer employees) than larger companies plan to relocate in the next twelve months.

Merging With Another Business
Overall, only 6% have been acquired by another business in the past twelve months (2% have been acquired earlier than that). Similarly, 6% of those who have not been acquired plan to do so in the next twelve months.

On the other hand, 22% report that they have acquired another business at some time in the past (8% within the past twelve months). Larger businesses, in terms of both revenues and employees, are more likely than smaller ones to have made such acquisitions in the past. Future plans for growth by acquisition are reported by 13% of all respondents, but by a significantly larger 23% of those with over thirty employees.

Table 6-5 **Expansion and Growth: Actions Taken in the Past**

Q.: I am going to read a list of steps that a business such as yours may take. After I read each one, please tell me whether *you* have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have *never* done this.

	Total Precision Metalworking Industry	Size of Place		1983 Sales			Full-Time Employees			
		Central City	Balance of SMSA	Under $500,000	$500,000-$999,999	$1,000,000 and Over	5 or Fewer	6-15	16-30	More Than 30
Base	502	234	222	153	103	164	89	196	106	111
	%	%	%	%	%	%	%	%	%	%
Expand to serve larger regional markets										
Done in last twelve months	48	49	46	42	48	56	38	46	54	52
Done earlier	19	19	19	16	19	21	11	16	26	24
Never done	32	32	33	41	32	23	48	37	20	23
Expand to serve larger national markets										
Done in last twelve months	37	38	36	29	34	50	24	35	41	50
Done earlier	12	9	14	5	15	12	2	9	16	20
Never done	50	51	49	65	50	38	73	55	42	29
Expand to serve larger international markets										
Done in last twelve months	13	13	12	10	7	19	10	10	14	20
Done earlier	9	9	9	5	11	9	2	6	12	15
Never done	77	77	78	85	81	72	87	84	72	65
Be acquired by another business										
Done in last twelve months	6	6	6	6	7	6	7	5	5	8
Done earlier	2	2	2	2	–	3	1	1	1	6
Never done	89	90	87	89	90	90	88	92	91	83

Table 6-6 Expansion and Growth: Actions Planned for the Future

Base: Those who have never taken each action

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Precision Metalworking Industry	Size of Place		1983 Sales			Full-Time Employees			
		Central City	Balance of SMSA	Under $500,000	$500,000-$999,999	$1,000,000 and Over	5 or Fewer	6-15	16-30	More Than 30
	%	%	%	%	%	%	%	%	%	%
Expand to serve larger regional markets										
(Base)	(162)	(74)	(74)	(62)	(33)	(38)	(43)	(72)	(21)	(26)
Plan to do in next twelve months	27	26	28	24	30	29	21	32	X	27
Don't plan to do	66	73	59	69	58	66	67	63	X	69
Expand to serve larger national markets										
(Base)	(250)	(119)	(109)	(99)	(51)	(61)	(65)	(108)	(45)	(32)
Plan to do in next twelve months	15	13	16	13	20	14	12	17	16	13
Don't plan to do	81	82	81	83	75	84	83	81	78	84
Expand to serve larger international markets										
(Base)	(389)	(181)	(173)	(130)	(83)	(117)	(77)	(164)	(76)	(72)
Plan to do in next twelve months	10	9	9	7	12	9	9	10	11	8
Don't plan to do	87	87	88	88	87	86	87	87	88	86
Be acquired by another business										
(Base)	(447)	(211)	(194)	(136)	(93)	(146)	(78)	(181)	(96)	(92)
Plan to do in next twelve months	6	8	5	8	5	6	4	7	7	7
Don't plan to do	89	86	91	86	90	87	91	90	83	91

X = Subgroup sample size is too small for meaningful analysis.

Table 6-7 **Business Expansion Priorities: Past and Future**

Q.: Again, after I read each of the following, please tell me whether you have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have never done this.

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Precision Metalworking Industry	Size of Place		1983 Sales			Full-Time Employees			
		Central City	Balance of SMSA	Under $500,000	$500,000-$999,999	$1,000,000 and Over	5 or Fewer	6-15	16-30	More Than 30
Base	502	234	222	153	103	164	89	196	106	111
	%	%	%	%	%	%	%	%	%	%
Invest in new capital equipment										
Done in last twelve months	69	66	73	63	68	76	61	69	70	74
Done earlier	25	27	21	28	27	21	24	26	27	22
Never done	6	6	5	9	5	3	16	5	3	4
Plan to do in next twelve months	76	74	78	69	81	85	62	77	78	85
Don't plan to do	19	20	18	22	16	15	26	18	18	14
Hire more employees										
Done in last twelve months	68	69	68	59	69	81	49	68	75	77
Done earlier	22	22	23	29	22	14	30	21	19	19
Never done	9	8	9	12	8	5	19	9	5	5
Plan to do in next twelve months	76	75	76	80	75	78	73	72	81	79
Don't plan to do	17	17	16	14	17	18	17	18	13	18
Seek additional money for expansion										
Done in last twelve months	31	32	29	29	19	44	20	31	25	45
Done earlier	30	30	31	24	48	28	12	33	41	29
Never done	39	38	40	47	33	29	67	36	34	26
Plan to do in next twelve months	42	42	40	41	44	49	31	42	40	51
Don't plan to do	54	54	55	55	53	49	61	54	55	48

(Continued)

Table 6-7 (Continued) **Business Expansion Priorities: Past and Future**

	Total Precision Metalworking Industry	Size of Place		1983 Sales			Full-Time Employees			
		Central City	Balance of SMSA	Under $500,000	$500,000-$999,999	$1,000,000 and Over	5 or Fewer	6-15	16-30	More Than 30
Base	502	234	222	153	103	164	89	196	106	111
	%	%	%	%	%	%	%	%	%	%
Structure your company to enter a related field, such as metalstamping or plastic parts production										
Done in last twelve months	25	23	27	16	25	30	12	24	31	32
Done earlier	18	21	15	16	16	22	16	15	15	26
Never done	57	55	58	67	59	47	72	61	53	41
Plan to do in next twelve months	31	29	31	26	28	35	25	27	29	43
Don't plan to do	65	67	64	68	66	62	71	69	62	54
Reduce the number of employees you have										
Done in last twelve months	24	23	23	27	20	23	29	20	23	26
Done earlier	32	35	31	31	28	34	28	31	32	36
Never done	44	41	45	42	51	43	42	49	44	37
Plan to do in next twelve months	6	8	5	3	7	8	3	4	7	10
Don't plan to do	90	87	93	93	92	88	89	93	89	88
Move to a larger location										
Done in last twelve months	11	12	10	13	9	8	18	10	9	10
Done earlier	42	40	45	42	46	47	30	42	42	50
Never done	46	48	44	44	46	46	51	47	48	40
Plan to do in next twelve months	23	23	22	33	20	17	34	20	23	19
Don't plan to do	74	74	74	63	78	82	64	76	75	77
Structure your company to enter an unrelated field										
Done in last twelve months	11	10	11	10	11	9	15	9	8	14
Done earlier	8	10	6	7	9	9	7	9	7	10
Never done	80	79	83	83	81	83	78	82	85	76
Plan to do in next twelve months	16	16	13	12	20	16	15	16	13	21
Don't plan to do	82	82	86	86	78	84	80	84	84	79

(Continued)

Table 6-7 (Continued) **Business Expansion Priorities: Past and Future**

	Total Precision Metalworking Industry	Size of Place		1983 Sales			Full-Time Employees			
		Central City	Balance of SMSA	Under $500,000	$500,000-$999,999	$1,000,000 and Over	5 or Fewer	6-15	16-30	More Than 30
Base	502	234	222	153	103	164	89	196	106	111
	%	%	%	%	%	%	%	%	%	%
Open additional places of business										
Done in last twelve months	9	9	8	6	3	14	8	5	9	15
Done earlier	12	14	10	5	14	17	7	7	13	24
Never done	78	76	81	89	83	70	83	87	77	59
Plan to do in next twelve months	13	15	9	9	12	17	15	9	9	22
Don't plan to do	82	80	86	90	83	79	82	87	87	70
Acquire another business										
Done in last twelve months	8	9	5	5	4	11	8	5	8	12
Done earlier	14	17	12	8	17	17	7	12	18	22
Never done	77	73	82	86	78	72	85	83	72	66
Plan to do in next twelve months	13	14	9	9	12	16	10	9	13	23
Don't plan to do	82	80	86	87	80	81	83	88	81	71

Computer Usage

Computers are most widely used for financial management in the precision metalworking industry. Among those who have already installed a computer (a little over half of the sample), 58% use it for financial management, such as accounts payable, accounts receivable, payroll, or general ledger.

Computer use for shop-floor control—such as machine loading, scheduling, or routing—is reported by 28%, and computers are used for job costing and status reports by 22% of respondents with a computer. Numerical control programming is an application used by 17% of those who have a computer, and computer-aided design (CAD) and computer-aided manufacturing (CAM) are applications used by a meager 6% and 11%, respectively.

Larger companies (those with over thirty employees or with 1983 sales of at least $1,000,000) make greater use of computers for financial management than smaller companies.

Detailed data are presented in Table 6-8.

Table 6-8 **Computer Usage**
Base: Those who have installed a computer

Q.: What do you use your computer for? Any other uses?

	Total Precision Metalworking Industry	Size of Place		1983 Sales			Full-Time Employees			
		Central City	Balance of SMSA	Under $500,000	$500,000-$999,999	$1,000,000 and Over	5 or Fewer	6-15	16-30	More Than 30
Base	265	127	115	50	60	117	21	85	70	89
	%	%	%	%	%	%	%	%	%	%
Financial management, such as accounts payable, accounts receivable, payroll, or general ledger	**58**	**53**	**63**	**46**	**43**	**70**	**57**	**47**	**57**	**71**
Shop-floor control, such as maching loading, scheduling, or routing	**28**	**30**	**25**	**32**	**22**	**33**	**19**	**25**	**30**	**30**
Job costing or job status reports	**22**	**18**	**24**	**16**	**30**	**24**	**24**	**20**	**23**	**22**
Numerical control programming	**17**	**14**	**19**	**18**	**13**	**15**	**10**	**19**	**14**	**18**
Computer-aided manufacturing (CAM)	**11**	**16**	**6**	**4**	**17**	**12**	**10**	**8**	**11**	**12**
Computer-aided design (CAD)	**6**	**8**	**4**	**6**	**5**	**8**	**5**	**4**	**4**	**10**
Other	**7**	**7**	**7**	**4**	**7**	**8**	**5**	**5**	**9**	**8**

Major Concerns Related to Costs and Personnel

The potential impact of workers' compensation insurance and unemployment insurance on the profitability of their business over the next five years heads the list of items about which business owners in this industry are very concerned. While 69% are very concerned, 24% are somewhat concerned about the cost of workers' compensation insurance. Similarly, 68% are very concerned and 23% are somewhat concerned about the cost of unemployement insurance.

A clear majority (66% very concerned; 17% somewhat concerned) are also concerned about finding enough qualified trainees and apprentices to ensure an adequate supply of journeymen over the next five years. There is also substantial concern (50% very concerned; 33% somewhat concerned) about the cost of new technology to improve productivity and its impact on profitability over the next five years.

These data are presented in Table 6-9. Differences among subgroups are minimal, except in the case of number of employees; businesses with five or fewer employees are generally less likely to be "very concerned."

Table 6-9 **Major Concerns Related to Costs and Personnel**

Q.: Thinking about the profitability of your business over the next five years, how concerned are you about (READ EACH ITEM)—are you very concerned, somewhat concerned, not very concerned, or not concerned at all?

	Total Precision Metalworking Industry	Size of Place		1983 Sales			Full-Time Employees			
		Central City	Balance of SMSA	Under $500,000	$500,000-$999,999	$1,000,000 and Over	5 or Fewer	6-15	16-30	More Than 30
Base	502	234	222	153	103	164	89	196	106	111
	%	%	%	%	%	%	%	%	%	%
The cost of workers' compensation insurance										
Very concerned	69	68	71	69	71	66	58	74	69	68
Somewhat concerned	24	25	22	25	24	25	33	20	22	27
Not very/not concerned at all	7	8	7	5	5	10	8	5	9	5
The cost of unemployement insurance										
Very concerned	68	67	67	67	77	64	61	70	72	65
Somewhat concerned	23	20	26	23	19	25	28	22	16	25
Not very/not concerned at all	10	13	6	11	4	11	10	8	11	10
Finding enough qualified trainees and apprentices to ensure an adequate supply of journeymen										
Very concerned	66	62	71	63	69	70	55	67	73	68
Somewhat concerned	17	19	16	18	16	17	24	15	13	20
Not very/not concerned at all	16	19	14	18	16	15	20	18	15	13
The cost of new technology to improve productivity										
Very concerned	50	49	51	44	54	52	45	49	52	54
Somewhat concerned	33	37	30	36	33	34	34	37	28	32
Not very/not concerned at all	15	13	19	19	12	14	19	12	19	14

Participation in Professional Activities

Large majorities (ranging from 83% to 91% overall) report that they keep abreast of their competitors' activities, read trade journals, meet with suppliers, and review competitive data from trade associations at least somewhat frequently. Moreover, clear majorities keep track of competitors' activities and read trade journals *very* frequently.

Clear majorities also report that they attend trade association meetings (65%) or trade shows (76%) at least somewhat frequently.

In general, owners of larger businesses appear to participate in all of these activities more frequently than owners of smaller businesses.

Detailed findings are presented in Table 6-10.

Table 6-10 **Participation in Professional Activities**

Q.: How often do you (READ EACH ITEM)—very frequently, somewhat frequently, not very frequently, or not frequently at all?

	Total Precision Metalworking Industry	Size of Place		1983 Sales			Full-Time Employees			
		Central City	Balance of SMSA	Under $500,000	$500,000-$999,999	$1,000,000 and Over	5 or Fewer	6-15	16-30	More Than 30
Base	502	234	222	153	103	164	89	196	106	111
	%	%	%	%	%	%	%	%	%	%
Keep abreast of what your competitors are up to										
Very frequently	61	61	59	54	60	66	52	61	56	72
Somewhat frequently	30	29	32	31	32	27	31	31	40	18
Not very/not frequently at all	9	9	10	14	7	7	15	9	5	9
Read trade journals										
Very frequently	57	57	57	56	55	61	43	61	52	65
Somewhat frequently	32	30	33	31	38	30	37	28	39	28
Not very/not frequently at all	11	12	10	13	7	9	20	12	10	7
Meet with equipment suppliers										
Very frequently	41	38	40	37	45	43	34	38	41	50
Somewhat frequently	42	43	43	42	46	45	38	44	42	41
Not very/not frequently at all	17	17	17	25	9	11	28	18	15	9
Review data from trade associations that enable you to compare the performance of your business to industry averages										
Very frequently	40	40	37	33	43	45	31	40	38	49
Somewhat frequently	44	43	47	44	47	42	48	42	51	37
Not very/not frequently at all	16	17	16	22	11	13	21	17	12	14
Attend trade association meetings										
Very frequently	32	36	29	30	30	36	20	32	31	42
Somewhat frequently	33	32	35	29	33	37	29	34	37	32
Not very/not frequently at all	34	31	36	40	36	28	50	33	31	26
Attend trade shows										
Very frequently	25	24	26	21	24	30	22	24	25	30
Somewhat frequently	51	50	54	46	59	52	42	52	55	54
Not very/not frequently at all	22	24	19	31	15	20	33	22	19	16

Providing Data to Trade Associations

The majority (77%) of respondents report that they are at least somewhat likely to comply with trade association requests for data about their business. This is not surprising, since the majority report that they review data from trade associations in order to compare the performance of their own business to industry averages (see Table 6-10). A noteworthy 22%, however, report that they are not very likely or not likely at all to provide data to trade associations. Companies with only five or fewer employees are more unlikely (31%) than others to be willing to comply with trade association requests for data about their business. Presumably, this reflects a scarcity of human or computer resources to pull such data together rather than an attitude of noncooperation.

Table 6-11 presents the detailed data on this question.

Table 6-11 **Providing Data to Trade Associations**

Q.: How likely are you to cooperate with trade association requests for data about your business—very likely, somewhat likely, not very likely, or not likely at all?

	Total Precision Metalworking Industry	Size of Place		1983 Sales			Full-Time Employees			
		Central City	Balance of SMSA	Under $500,000	$500,000-$999,999	$1,000,000 and Over	5 or Fewer	6-15	16-30	More Than 30
Base	502	234	222	153	103	164	89	196	106	111
	%	%	%	%	%	%	%	%	%	%
Very likely	**38**	**40**	**33**	**34**	**48**	**41**	**22**	**35**	**45**	**49**
Somewhat likely	**39**	**35**	**45**	**41**	**34**	**39**	**43**	**41**	**36**	**36**
Not very likely	**15**	**15**	**16**	**17**	**15**	**14**	**18**	**19**	**8**	**11**
Not likely at all	**7**	**9**	**5**	**7**	**4**	**5**	**13**	**4**	**9**	**4**

Demographic and Background Information

Information on the size and scope of the businesses is presented in Table 6-12, and data on the demographic characteristics of owners are given in Table 6-13.

In general, businesses in cities and in surrounding metropolitan areas are very comparable in terms of number of part-time employees, number of full-time employees, and gross revenues in 1983. Businesses located away from metropolitan areas (non-SMSA) tend to have more full-time employees and slightly lower gross revenues than businesses in the other locations.

In terms of owner characteristics, the businesses in cities and in surrounding metropolitan areas are again comparable in age and reported level of participation in community affairs. Majorities in both groups say they are not very or not at all active in community affairs. Those who own businesses away from metropolitan areas are more likely to say they are active in community affairs. This latter group also differs from the others in being slightly younger and less educated, on the average. They have also owned their businesses for a shorter time, on the average, than those in the other two groups.

Table 6-12 **Size and Scope of the Business**

	Total Precision Metalworking Industry	Size of Place		
		Central City	Balance of SMSA	Non-SMSA
Base	502	234	222	46
	%	%	%	%
Number of Full-Time Employees				
5 or fewer	18	16	20	13
6-10	22	22	22	20
11-15	17	18	18	11
16-30	21	23	17	33
31-99	19	17	20	20
100 or more	4	4	3	4
Number of Part-Time Employees				
None	45	47	44	39
1-2	38	37	39	39
3-10	15	14	14	20
11 or more	2	1	2	2
Gross Revenues in 1983				
Less than $250,000	12	12	12	15
$250,000-$499,999	18	18	19	17
$500,000-$999,999	21	21	19	26
$1,000,000-$2,499,999	18	21	14	17
$2,500,000-$4,999,999	10	10	11	7
$5,000,000 and over	5	5	5	4
No answer	16	13	21	13

Table 6-13 Demographic Characteristics of Owners

	Total Precision Metalworking Industry	Size of Place		
		Central City	Balance of SMSA	Non-SMSA
Base	502	234	222	46
	%	%	%	%
Age of Owner				
18-29 years	3	3	3	4
30-39 years	19	18	18	27
40-49 years	36	32	39	43
50-64 years	35	37	35	22
65 and over	6	9	4	4
Education of Owner				
Some high school or less	10	9	12	9
High school graduate	38	31	40	63
Some college	27	31	25	9
Four-year college graduate or more	25	27	22	19
Have Owned Business:				
5 years or less	21	20	20	33
6-10 years	25	27	23	26
11-20 years	35	30	41	37
21 years or more	18	21	17	4
Participation in Community Affairs				
Very active	15	13	14	26
Somewhat active	30	31	28	28
Not very active	28	27	29	24
Not active at all	27	28	28	22

7: Travel Agencies

This chapter reports on management priorities and practices specific to travel agencies. The findings are reported for the overall industry, as well as for the following specific subgroups within the industry:

Region
- Agencies in the East;
- Agencies in the Midwest;
- Agencies in the South; and
- Agencies in the West.

Sex of Owner
- Agencies with male owners; and
- Agencies with female owners.

Type of Agency
- Agencies with mainly commercial business; and
- Agencies with mainly noncommercial, or pleasure, business.

1983 Sales
- Agencies with 1983 revenues of under $1,000,000;
- Agencies with 1983 revenues of from $1,000,000 to $2,999,999; and
- Agencies with 1983 revenues of $3,000,000 or more.

General and Personnel Management

Large majorities (at least 80%) of travel agency owners report that they have improved internal financial controls or installed automated reservation and ticketing equipment in the past. Less than half have installed automated accounting processes, but over a third of those who have not installed automated accounting processes plan to install them in the next twelve months.

A clear majority (72%) have established regular internal programs for staff training and development. Over a third of those who haven't already done so plan to establish such programs in the next twelve months.

While 52% have implemented succession planning throughout their organization in the past, only 46% have actually begun training a successor to take over their business.

About a third of the respondents have developed contingency plans for reopening their business following a natural disaster. A third of those who have not taken this step plan to do so in the next twelve months.

Clear majorities have reduced their operating costs or have sent their employees to skills-improvement workshops in the past; both steps are particularly likely to have been taken in the past twelve months. Large majorities of all respondents plan to take these steps in the next twelve months.

Detailed findings on the general and personnel management actions taken or planned by various subgroups are reported below and in Tables 7-1, 7-2, and 7-3.

Internal Financial Controls
Fully 66% of the owners report that they have improved financial controls in the last twelve months, while 14% say they have done so earlier. Those who derive most of their revenues from commercial travel and those whose 1983 sales were at least $3,000,000 are more likely than others to have improved financial controls. Overall, 36% of those who have not taken this step in the past plan to do so in the future.

Automated Accounting Processes
Overall, the majority (58%) of travel agencies have not installed automated accounting processes. However a sizable majority (66%) of businesses with 1983 sales of $3,000,000 or more have installed them. Among those who have not done so, plans to install automated accounting processes within the next twelve months are reported by 39%, overall, and by over 50% of agencies with a high 1983 sales volume and agencies doing mainly commercial business.

Operating Costs
At least 60% of respondents—overall and in each subgroup—have reduced their operating costs in the past. Fully 60% of all respondents plan to do so in the next twelve months. For the most part, intergroup differences are insignificant.

Automated Reservation and Ticketing Equipment
Fully 89% of the respondents have installed automated reservation and ticketing equipment in the past, and over half of those who have never taken this step plan to do so in the next twelve months. In general, those with 1983 sales of at least $3,000,000 are most likely (98%) to have installed this equipment. Agencies in the East are less likely to have installed this equipment than those in the South and West.

Internal Staff Development Programs
Fully 72% of respondents have established regular programs for staff training and development, with 57% having done so in the last twelve months. Most likely to have established these programs are those with 1983 sales of $3,000,000 or more and those doing mainly commercial travel business. Among those who have not already done so, respondents doing mainly commercial business, as well as agencies in the East, are most likely to establish these programs in the next twelve months. Overall, 36% of respondents who have not taken this step plan to do so.

Sending Employees to Workshops
A large majority (77% overall) of respondents have sent their employees to workshops—such as those sponsored by ASTA—on closing a sale, telephone selling, and basic supervisory skills. Overall, 68% have taken this step in the last twelve months, and 82% of all respondents plan to take this step in the next twelve months.

The practice of sending employees to workshops appears to be most prevalent in the West and among agencies with a high 1983 sales volume.

Succession Planning and Successor Training
While the majority of travel agencies have implemented succession planning throughout their organization, a sizable minority (44%) have never done this. Majorities (albeit small ones) of agencies in the East and of those with 1983 sales below $1,000,000 have never taken this step. Overall, about a fourth of those who have not taken this step plan to do so in the next twelve months.

Overall, relatively few owners (33%) have begun training a successor in the last twelve months (13% have done this earlier). Even fewer (17%) of those who have not already done so report plans to begin training a successor in the near future.

Contingency Plans in Case of Natural Disaster
Very few (23% in the last twelve months; 12% earlier) travel agency owners have made contingency plans for reopening after a physical disaster such as a fire or flood. Overall, 33% of those who have never developed such plans report that they will do so in the near future. Most notably, 41% of those in the West who have not taken this step plan to do so in the next twelve months.

Table 7-1 General and Personnel Management: Actions Taken in the Past

Q.: I am going to read a list of steps that a business such as yours may take. After I read each one, please tell me whether *you* have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have *never* done this.

	Total Travel Agencies	Region				Sex		Type of Agency		1983 Sales		
		East	Mid-west	South	West	Male	Female	Mainly Commercial	Mainly Pleasure	Under $1,000,000	$1,000,000-$2,999,999	$3,000,000 and Over
Base	500	109	112	148	131	250	244	138	276	111	165	127
	%	%	%	%	%	%	%	%	%	%	%	%
Improve internal financial controls												
Done in last twelve months	66	67	62	70	65	68	64	79	62	59	65	76
Done earlier	14	13	13	14	18	15	14	12	14	14	11	17
Never done	17	18	21	15	15	15	18	7	22	24	22	5
Establish a regular internal program of staff training and development												
Done in last twelve months	57	62	50	58	59	55	60	70	54	51	53	65
Done earlier	15	10	16	15	18	17	12	12	16	11	13	21
Never done	27	27	32	26	24	27	27	19	28	37	32	16
Install automated reservation and ticketing equipment												
Done in last twelve months	47	46	45	55	40	44	50	46	47	52	39	47
Done earlier	42	36	41	37	52	44	39	51	37	27	50	51
Never done	11	18	14	7	8	12	11	4	16	21	11	3
Implement succession planning throughout your organization												
Done in last twelve months	40	36	41	40	41	41	38	43	38	35	42	44
Done earlier	12	8	16	11	14	14	10	13	13	9	12	17
Never done	44	51	38	47	40	40	48	40	45	51	45	34
Begin training a successor												
Done in last twelve months	33	29	35	36	29	33	33	30	34	28	33	35
Done earlier	13	8	8	17	16	13	13	14	12	14	8	15
Never done	53	62	56	45	53	53	52	54	53	57	58	50

(Continued)

Table 7-1 (Continued) **General and Personnel Management: Actions Taken in the Past**

	Total Travel Agencies	Region				Sex		Type of Agency		1983 Sales		
		East	Mid-west	South	West	Male	Female	Mainly Commercial	Mainly Pleasure	Under $1,000,000	$1,000,000-$2,999,999	$3,000,000 and Over
Base	500	109	112	148	131	250	244	138	276	111	165	127
	%	%	%	%	%	%	%	%	%	%	%	%
Install automated accounting processes												
Done in last twelve months	**26**	**27**	**23**	**28**	**25**	**30**	**22**	**29**	**23**	**19**	**19**	**37**
Done earlier	**16**	**18**	**14**	**12**	**18**	**22**	**10**	**17**	**15**	**7**	**11**	**29**
Never done	**58**	**55**	**62**	**58**	**56**	**48**	**68**	**53**	**62**	**74**	**69**	**33**
Develop contingency plans for reopening after a physical disaster such as a fire or flood												
Done in last twelve months	**23**	**19**	**26**	**28**	**17**	**24**	**21**	**25**	**24**	**21**	**21**	**25**
Done earlier	**12**	**13**	**13**	**11**	**13**	**16**	**9**	**10**	**13**	**7**	**13**	**16**
Never done	**64**	**66**	**60**	**60**	**69**	**60**	**68**	**62**	**61**	**72**	**65**	**58**

Table 7-2 **General and Personnel Management: Actions Planned for the Future**
Base: Those who have never taken each action

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Travel Agencies	Region				Sex		Type of Agency		1983 Sales		
		East	Mid-west	South	West	Male	Female	Mainly Commercial	Mainly Pleasure	Under $1,000,000	$1,000,000-$2,999,999	$3,000,000 and Over
	%	%	%	%	%	%	%	%	%	%	%	%
Install automated reservation and ticketing equipment												
(Base)	(57)	(20)	(16)	(11)	(10)	(29)	(28)	(5)	(44)	(23)	(18)	(4)
Plan to do in next twelve months	**54**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
Don't plan to do	**35**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**
Install automated accounting processes												
(Base)	(289)	(60)	(69)	(86)	(74)	(120)	(166)	(73)	(171)	(82)	(114)	(42)
Plan to do in next twelve months	**39**	**40**	**36**	**36**	**45**	**39**	**39**	**55**	**36**	**30**	**46**	**57**
Don't plan to do	**54**	**52**	**58**	**57**	**50**	**52**	**57**	**42**	**56**	**63**	**49**	**36**

(Continued)

Table 7-2 (Continued) **General and Personnel Management: Actions Planned for the Future**
Base: Those who have never taken each action

	Total Travel Agencies	Region				Sex		Type of Agency		1983 Sales		
		East	Mid-west	South	West	Male	Female	Mainly Commercial	Mainly Pleasure	Under $1,000,000	$1,000,000-$2,999,999	$3,000,000 and Over
	%	%	%	%	%	%	%	%	%	%	%	%
Establish a regular internal program of staff training and development												
(Base)	(135)	(29)	(36)	(39)	(31)	(67)	(67)	(26)	(78)	(41)	(53)	(20)
Plan to do in next twelve months	36	45	31	33	39	34	37	46	37	41	30	X
Don't plan to do	61	48	69	62	61	64	58	50	59	54	68	X
Improve internal financial controls												
(Base)	(85)	(20)	(23)	(22)	(20)	(38)	(45)	(9)	(62)	(27)	(37)	(7)
Plan to do in next twelve months	36	X	X	X	X	X	X	X	X	X	X	X
Don't plan to do	58	X	X	X	X	X	X	X	X	X	X	X
Develop contingency plans for reopening after a physical disaster such as a fire or flood												
(Base)	(219)	(72)	(67)	(89)	(91)	(149)	(166)	(86)	(169)	(80)	(107)	(73)
Plan to do in next twelve months	33	26	34	29	41	33	33	37	31	35	36	28
Don't plan to do	61	65	63	65	52	63	58	60	61	56	61	70
Implement succession planning throughout your organization												
(Base)	(221)	(56)	(43)	(69)	(53)	(101)	(117)	(55)	(125)	(57)	(74)	(43)
Plan to do in next twelve months	24—	23	30	23	23	23	26	24	26	32	26	31
Don't plan to do	70	71	65	68	74	70	68	69	71	61	72	69
Begin training a successor												
(Base)	(267)	(68)	(63)	(66)	(70)	(133)	(128)	(74)	(146)	(63)	(95)	(62)
Plan to do in next twelve months	17	22	14	17	14	19	15	20	18	21	16	21
Don't plan to do	79	75	79	80	81	77	82	74	78	78	81	74

X = Subgroup sample size is too small for meaningful analysis.

Table 7-3 **Ongoing Management Priorities: Past and Future**

Q.: Again, after I read each of the following, please tell me whether you have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have never done this.

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Travel Agencies	Region				Sex		Type of Agency		1983 Sales		
		East	Mid-west	South	West	Male	Female	Mainly Commercial	Mainly Pleasure	Under $1,000,000	$1,000,000-$2,999,999	$3,000,000 and Over
Base	500	109	112	148	131	250	244	138	276	111	165	127
	%	%	%	%	%	%	%	%	%	%	%	%
Send your employees to workshops, such as those sponsored by ASTA, on closing a sale, telephone selling, and basic supervisory skills												
Done in last twelve months	68	69	63	64	76	66	70	69	68	62	68	76
Done earlier	9	4	11	14	8	10	8	10	11	7	10	13
Never done	22	26	27	23	14	23	22	20	20	31	21	11
Plan to do in next twelve months	82	80	71	84	89	81	82	83	83	76	84	86
Don't plan to do	15	15	24	14	10	17	13	13	14	21	14	11
Reduce your operating costs												
Done in last twelve months	55	61	55	48	59	60	50	64	56	51	58	59
Done earlier	10	8	8	12	11	12	8	7	12	9	8	12
Never done	34	28	37	39	29	27	41	28	31	39	33	30
Plan to do in next twelve months	60	64	62	53	63	61	60	63	62	57	64	60
Don't plan to do	35	29	35	42	33	34	36	33	32	41	28	36

Marketing Management

Marketing actions taken in the past twelve months by majorities of respondents include specializing in certain areas such as commercial travel, cruises, or incentive travel, increasing the advertising or promotional budget, and engaging in cold prospecting. Majorities also report plans to take the latter two steps in the next twelve months.

Detailed findings on specific marketing actions are reported below and in Tables 7-4, 7-5, and 7-6.

Specializing in Specific Services
The majority (71%) of the respondents have specialized in such areas as commercial travel, cruises, or incentive travel in the past, with 59% having done so in the last twelve months. Most likely to have specialized in the past are agencies with a high 1983 sales volume and, not surprisingly, those whose main business is commercial travel. Most of the 28% who have not specialized in the past do not plan to do so in the near future.

Specializing in inbound travel does not seem to have been a popular strategy in the past, nor is it likely to be one in the future.

Joining a Consortium or Marketing Group
While 33% have joined a consortium in the past twelve months and 18% have done so earlier, a sizable 49% have never taken this step. A majority of those who have not joined a consortium in the past report that they have no plans to do so within the next twelve months.

Advertising or Promotional Budget
Clear majorities in all subgroups (and 63% overall) report that they have increased their advertising or promotional budget during the past twelve months, and similar majorities of all respondents plan to do so in the next twelve months.

Cold Prospecting
The technique of cold prospecting through direct mail, telemarketing, or speeches to community groups is likely to increase in popularity among travel agents in the near future. While 68% have used this technique in the past twelve months, 82% of all respondents plan to use it in the next twelve months.

Table 7-4 **Marketing Emphasis: Actions Taken in the Past**

Q.: I am going to read a list of steps that a business such as yours may take. After I read each one, please tell me whether *you* have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have *never* done this.

	Total Travel Agencies	Region				Sex		Type of Agency		1983 Sales		
		East	Mid-west	South	West	Male	Female	Mainly Commercial	Mainly Pleasure	Under $1,000,000	$1,000,000-$2,999,999	$3,000,000 and Over
Base	500	109	112	148	131	250	244	138	276	111	165	127
	%	%	%	%	%	%	%	%	%	%	%	%
Specialize in certain areas such as commercial travel, cruises, or incentive travel												
Done in last twelve months	59	61	59	61	56	62	58	71	54	52	62	66
Done earlier	12	14	8	16	11	15	10	10	14	9	8	20
Never done	28	24	33	23	31	22	32	18	32	38	30	14
Join a consortium or other marketing group												
Done in last twelve months	33	41	32	24	36	33	33	30	36	31	32	35
Done earlier	18	20	19	18	15	22	12	19	19	12	16	28
Never done	49	38	48	59	50	45	54	50	45	58	52	37
Specialize in inbound travel												
Done in last twelve months	17	11	16	16	24	16	18	14	18	19	15	15
Done earlier	9	9	6	9	12	10	9	13	9	3	8	16
Never done	69	72	71	71	61	70	68	70	67	75	75	63

Table 7-5 Marketing Emphasis: Actions Planned for the Future

Base: Those who have never taken each action

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Travel Agencies	Region				Sex		Type of Agency		1983 Sales		
		East	Mid-west	South	West	Male	Female	Mainly Commercial	Mainly Pleasure	Under $1,000,000	$1,000,000-$2,999,999	$3,000,000 and Over
	%	%	%	%	%	%	%	%	%	%	%	%
Join a consortium or other marketing group												
(Base)	(247)	(41)	(54)	(87)	(65)	(113)	(132)	(69)	(124)	(64)	(86)	(47)
Plan to do in next twelve months	25	20	26	24	28	25	24	29	28	27	31	21
Don't plan to do	71	76	67	74	69	72	71	67	66	70	64	70
Specialize in certain areas such as commercial travel, cruises, or incentive travel												
(Base)	(138)	(26)	(37)	(34)	(41)	(56)	(77)	(25)	(87)	(42)	(49)	(17)
Plan to do in next twelve months	21	23	27	15	20	23	18	12	26	21	27	X
Don't plan to do	76	73	68	82	80	73	79	80	71	79	71	X
Specialize in inbound travel												
(Base)	(343)	(79)	(79)	(105)	(80)	(176)	(165)	(96)	(186)	(83)	(123)	(80)
Plan to do in next twelve months	12	11	9	7	21	10	13	10	12	18	10	13
Don't plan to do	83	85	85	88	75	86	81	80	84	77	85	82

X = Subgroup sample size is too small for meaningful analysis.

Table 7-6 **Marketing Priorities: Past and Future**

Q.: Again, after I read each of the following, please tell me whether you have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have never done this.

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Travel Agencies	Region				Sex		Type of Agency		1983 Sales		
		East	Mid-west	South	West	Male	Female	Mainly Commercial	Mainly Pleasure	Under $1,000,000	$1,000,000-$2,999,999	$3,000,000 and Over
Base	500	109	112	148	131	250	244	138	276	111	165	127
	%	%	%	%	%	%	%	%	%	%	%	%
Engage in cold prospecting through direct mail, telemarketing, or speeches to community groups												
Done in last twelve months	**68**	**58**	**63**	**74**	**72**	**67**	**69**	**70**	**68**	**68**	**68**	**70**
Done earlier	**10**	**9**	**15**	**10**	**8**	**12**	**9**	**7**	**12**	**6**	**11**	**16**
Never done	**21**	**31**	**21**	**14**	**21**	**20**	**22**	**22**	**19**	**26**	**21**	**14**
Plan to do in next twelve months	**82**	**76**	**83**	**84**	**82**	**84**	**80**	**82**	**83**	**83**	**82**	**85**
Don't plan to do	**16**	**21**	**15**	**14**	**16**	**14**	**18**	**17**	**16**	**16**	**16**	**15**
Increase your advertising or promotional budget												
Done in last twelve months	**63**	**62**	**58**	**70**	**59**	**62**	**63**	**58**	**65**	**65**	**57**	**68**
Done earlier	**19**	**17**	**20**	**14**	**27**	**18**	**20**	**18**	**21**	**20**	**21**	**21**
Never done	**17**	**19**	**21**	**16**	**15**	**19**	**16**	**23**	**13**	**14**	**22**	**13**
Plan to do in next twelve months	**65**	**65**	**62**	**70**	**63**	**68**	**63**	**63**	**66**	**69**	**62**	**68**
Don't plan to do	**29**	**32**	**30**	**22**	**32**	**28**	**29**	**26**	**30**	**25**	**32**	**26**

Business Expansion and Growth

Of the eleven different business growth strategies and tactics tested, only three have been used in the past by majorities of respondents. They are: hiring more employees, using automation to increase business from current clients, and expanding to serve larger regional markets. The first two strategies are also future priorities for majorities of respondents.

In general, compared with other groups, owners of agencies with a high 1983 sales volume are more likely than others to have used the various tactics for business growth.

Detailed findings pertaining to each strategy are reported below and are shown in Tables 7-7, 7-8, and 7-9.

Merging With Another Business
Very small minorities (no more than 10%) have been acquired by another business in the past twelve months or plan to be acquired in the next twelve months.

Slightly larger minorities have acquired another business in the past (22%) or plan to acquire one in the near future (19%). Compared with the other groups, owners of agencies with 1983 sales of $3,000,000 or over are more likely to use this approach to business growth. Significantly, male owners are more likely than female owners to report that they have used or are planning to use this approach.

Expanding To Serve Larger Markets
While a slight overall majority (51%) have expanded to serve larger *regional* markets in the past, a large majority (72%) have never expanded into larger *national* markets. In both instances, those with a high 1983 sales volume are more likely than others to have taken these steps. Among those who have not taken either step, a greater percentage report plans to expand into larger regional markets (39%) than report plans to expand into larger national markets (13%).

Diversifying Into Travel-Related Businesses
Fully 78% of the respondents have never diversified into travel-related businesses. The greatest activity in this area has taken place among owners of agencies with a high 1983 sales volume ($3,000,000 or more), 32% of whom have taken steps to diversify. Among those who have never diversified, plans to do so in the next twelve months are reported by from 11% to 21% of respondents in the various subgroups.

Hiring More Employees Versus Employee Reduction
While 62% of the respondents have hired new employees within the past twelve months, only 12% report employee cutbacks during the same period. Fully 66% have *never* had employee cutbacks in their agency. The next twelve months look promising for this industry, with 64% of all respondents planning to hire and only 7% planning to cut back.

Compared with other agencies, larger proportions of agencies with a high 1983 sales volume, agencies in the South, and agencies that mainly do commercial business plan to hire more employees in the next twelve months.

Seeking Additional Money for Expansion
Nineteen percent of all respondents have sought funds for expansion in the past twelve months, and 13% report having done so prior to that. Fully 30% of all respondents plan to take this step in the next twelve months. More male owners than female owners plan to seek expansion funds in the future. And not surprisingly, agencies with a high volume of 1983 sales are more likely than lower volume agencies to seek such funds in the future.

Opening Additional Places of Business
Businesses with a high 1983 sales volume are the only subgroup in which more respondents report having opened new offices than report never having done so. While 31% of travel agencies in this category have taken this step in the last twelve months and 27% have done so earlier than that, only 42% have never opened new offices. Among all respondents, 64% have never taken this step. Sex differences are noteworthy—45% of male owners have taken this step in the past, compared with only 25% of women.

While 36%, overall, report plans to open new offices in the next twelve months, the percentages are higher among male owners (46%), agencies that do mainly commercial business (48%), and those with a high volume of 1983 sales (57%).

Moving to a Larger Location
Overall, 15% say they have moved to a larger location in the last twelve months, and 22% say they have done so earlier than that. Overall, 25% of the respondents plan to do this in the next twelve months. The only subgroup in which a majority have moved at some time in the past is the group with 1983 sales of $3,000,000 or more.

Using Automation To Increase Business
Overall, 56% have used automation in the past twelve months to help build additional business from current clients, and 13% have done so earlier. Overall, 69% of the respondents plan to take this step in the next twelve months.

This strategy is noticeably less popular in the Midwest than in any other region. It is also more likely to have been used by agencies with a high 1983 sales volume than by agencies with lower 1983 revenues.

Table 7-7 **Expansion and Growth: Actions Taken in the Past**

Q.: I am going to read a list of steps that a business such as yours may take. After I read each one, please tell me whether *you* have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have *never* done this.

	Total Travel Agencies	Region				Sex		Type of Agency		1983 Sales		
		East	Mid-west	South	West	Male	Female	Mainly Commercial	Mainly Pleasure	Under $1,000,000	$1,000,000-$2,999,999	$3,000,000 and Over
Base	500	109	112	148	131	250	244	138	276	111	165	127
	%	%	%	%	%	%	%	%	%	%	%	%
Expand to serve larger regional markets												
Done in last twelve months	39	44	36	38	37	43	35	38	37	32	36	52
Done earlier	12	9	13	12	14	13	11	16	12	7	12	16
Never done	47	42	50	47	48	42	52	43	49	59	52	29
Expand to serve larger national markets												
Done in last twelve months	20	20	21	20	19	24	16	20	20	14	13	29
Done earlier	7	7	5	8	7	8	6	9	7	4	6	11
Never done	72	70	71	71	74	66	77	68	72	82	79	59
Diversify into travel-related business such as travel schools or luggage sales												
Done in last twelve months	16	19	12	16	15	18	14	20	14	15	12	21
Done earlier	6	7	5	7	5	6	5	7	5	2	5	11
Never done	78	73	82	76	80	76	81	74	80	82	82	68
Be acquired by another business												
Done in last twelve months	4	5	3	5	4	6	2	4	5	4	3	6
Done earlier	6	4	4	9	5	7	5	7	6	4	4	8
Never done	88	88	94	84	89	87	90	88	86	92	92	85

Table 7-8 Expansion and Growth: Actions Planned for the Future

Base: Those who have never taken each action

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Travel Agencies	Region				Sex		Type of Agency		1983 Sales		
		East	Mid-west	South	West	Male	Female	Mainly Commercial	Mainly Pleasure	Under $1,000,000	$1,000,000-$2,999,999	$3,000,000 and Over
	%	%	%	%	%	%	%	%	%	%	%	%
Expand to serve larger regional markets												
(Base)	(235)	(46)	(56)	(70)	(63)	(104)	(126)	(60)	(135)	(66)	(85)	(37)
Plan to do in next twelve months	39	41	39	39	38	41	38	43	36	47	35	38
Don't plan to do	57	57	57	57	59	59	56	52	61	52	62	57
Expand to serve larger national markets												
(Base)	(358)	(76)	(80)	(105)	(97)	(165)	(188)	(84)	(200)	(91)	(131)	(74)
Plan to do in next twelve months	13	16	18	12	9	15	12	16	13	15	11	19
Don't plan to do	85	83	81	86	88	82	87	82	86	84	87	77
Diversify into travel-related businesses such as travel schools or luggage sales												
(Base)	(390)	(80)	(92)	(113)	(105)	(189)	(197)	(102)	(221)	(91)	(136)	(86)
Plan to do in next twelve months	13	16	11	11	15	13	13	11	15	21	13	14
Don't plan to do	85	83	88	83	85	85	84	86	82	77	86	84
Be acquired by another business												
(Base)	(442)	(96)	(105)	(125)	(116)	(217)	(219)	(121)	(237)	(102)	(152)	(107)
Plan to do in next twelve months	4	3	4	5	5	8	1	5	4	2	7	4
Don't plan to do	93	94	95	93	89	88	96	92	92	97	88	94

Table 7-9 **Business Expansion Priorities: Past and Future**

Q.: Again, after I read each of the following, please tell me whether you have done this in the last twelve months, whether you have done this at some point in the past but *not* in the last twelve months, or whether you have never done this.

Q.: In the next twelve months, do you plan to (READ ITEM), or don't you?

	Total Travel Agencies	Region				Sex		Type of Agency		1983 Sales		
		East	Mid-west	South	West	Male	Female	Mainly Commercial	Mainly Pleasure	Under $1,000,000	$1,000,000-$2,999,999	$3,000,000 and Over
Base	500	109	112	148	131	250	244	138	276	111	165	127
	%	%	%	%	%	%	%	%	%	%	%	%
Hire more employees												
Done in last twelve months	62	56	64	60	66	62	61	70	59	54	60	71
Done earlier	23	27	15	25	24	22	23	18	26	21	24	21
Never done	14	14	20	14	10	13	15	9	14	23	15	8
Plan to do in next twelve months	64	58	59	73	63	67	61	71	60	65	60	75
Don't plan to do	29	34	30	22	31	27	31	22	32	29	32	21
Use automation to help you build additional business from current clients												
Done in last twelve months	56	53	45	61	61	56	55	62	54	47	54	65
Done earlier	13	7	18	14	13	14	12	12	14	11	14	14
Never done	29	37	37	22	26	28	31	25	31	41	32	21
Plan to do in next twelve months	69	66	57	72	77	72	66	74	68	65	70	77
Don't plan to do	27	30	36	21	22	24	29	22	28	30	28	20
Seek additional money for expansion												
Done in last twelve months	19	16	17	22	21	22	16	21	16	15	15	26
Done earlier	13	10	17	12	13	15	11	16	13	5	13	18
Never done	67	72	65	65	66	62	73	62	70	77	73	56
Plan to do in next twelve months	30	28	25	34	33	36	25	36	28	24	28	39
Don't plan to do	66	68	73	60	63	60	71	60	69	74	67	59

(Continued)

Table 7-9 (Continued) **Business Expansion Priorities: Past and Future**

	Total Travel Agencies	Region				Sex		Type of Agency		1983 Sales		
		East	Mid-west	South	West	Male	Female	Mainly Commercial	Mainly Pleasure	Under $1,000,000	$1,000,000-$2,999,999	$3,000,000 and Over
Base	500	109	112	148	131	250	244	138	276	111	165	127
	%	%	%	%	%	%	%	%	%	%	%	%
Open additional places of business												
Done in last twelve months	18	17	17	20	18	23	12	22	17	9	13	31
Done earlier	17	13	19	20	17	22	13	19	16	12	15	27
Never done	64	69	63	60	65	54	75	59	66	78	72	42
Plan to do in next twelve months	36	41	33	36	34	46	26	48	32	31	30	57
Don't plan to do	59	52	63	59	62	49	69	49	63	66	66	38
Move to a larger location												
Done in last twelve months	15	13	15	18	12	18	12	20	12	9	8	24
Done earlier	22	19	24	22	24	25	20	28	22	14	27	29
Never done	62	65	60	59	63	56	67	51	64	76	63	47
Plan to do in next twelve months	25	25	19	31	22	29	20	32	22	21	28	30
Don't plan to do	72	69	79	68	74	67	77	67	74	76	68	68
Reduce the number of employees you have												
Done in last twelve months	12	8	5	15	18	11	14	14	12	12	15	9
Done earlier	21	26	18	20	21	25	16	22	22	20	20	24
Never done	66	63	77	66	60	63	69	64	65	67	64	67
Plan to do in next twelve months	7	6	7	9	5	9	5	9	6	3	7	13
Don't plan to do	91	94	90	87	93	89	93	90	90	94	90	87
Acquire another business												
Done in last twelve months	9	10	7	9	11	12	7	12	8	5	6	15
Done earlier	13	13	13	15	11	18	7	15	11	8	13	18
Never done	77	76	79	74	78	69	85	72	80	85	80	67
Plan to do in next twelve months	19	21	17	22	17	27	11	22	18	13	14	35
Don't plan to do	77	77	81	72	80	68	86	72	80	85	83	63

Preferred Relationships With Suppliers

Two-thirds of the respondents have developed preferred relationships with certain suppliers in the past twelve months, and only 17% have never done this. Fully 70% of all respondents plan to do this in the next twelve months. Agencies with 1983 sales of $3,000,000 or more are more likely than agencies with lower 1983 revenues to develop such relationships in the future (Table 7-10).

Those who have preferred supplier relationships were asked what they would do if another supplier offered service that was closer to a client's requ sts regarding airline flights, cruises, or car rentals. In all three cases, very large majorities report that they would comply with their client's request and book a different supplier (Table 7-11).

Table 7-10 **Preferred Relationships with Suppliers**

Q.: Have you developed preferred relationships with certain suppliers in the last twelve months, have you done this at some point in the past but *not* in the last twelve months, or have you *never* done this?

Q.: In the next twelve months, do you plan to develop preferred relationships with certain suppliers, or don't you?

	Total Travel Agencies	Region				Sex		Type of Agency		1983 Sales		
		East	Mid-west	South	West	Male	Female	Mainly Commercial	Mainly Pleasure	Under $1,000,000	$1,000,000-$2,999,999	$3,000,000 and Over
Base	500	109	112	148	131	250	244	138	276	111	165	127
	%	%	%	%	%	%	%	%	%	%	%	%
Done in last twelve months	**67**	**68**	**65**	**66**	**69**	**65**	**70**	**67**	**67**	**65**	**67**	**71**
Done earlier	**12**	**12**	**17**	**11**	**10**	**13**	**11**	**14**	**12**	**12**	**12**	**18**
Never done	**17**	**18**	**13**	**20**	**16**	**20**	**14**	**14**	**18**	**21**	**18**	**9**
Plan to do in next twelve months	**70**	**73**	**73**	**67**	**66**	**73**	**67**	**71**	**71**	**66**	**70**	**80**
Don't plan to do	**23**	**18**	**18**	**29**	**23**	**21**	**25**	**21**	**22**	**26**	**25**	**12**

Table 7-11 **Relative Priorities in Servicing Clients Versus Giving Business to a Preferred Supplier**
Base: Those who have a preferred supplier

Q.: Now, I'd like to read you some different situations you may confront and ask you how you would respond to each. Your client requests an 8:00 flight that is available on several airlines. But your preferred supplier doesn't have one until 8:30. What would you do—book your client on your preferred supplier at 8:30, or on another airline at 8:00?

Q.: Your client requests a fourteen-day, eight-port cruise that is available from several cruise lines, but your preferred supplier offers only a fourteen-day, six-port cruise. Which cruise would you book your client on—the eight-port cruise on another line, or the six-port cruise on your preferred supplier?

Q.: Your client prefers Chrysler cars but your preferred supplier rents only General Motors cars. Which rental car company would you book for your client—the one providing Chrysler cars, or your preferred supplier?

	Total Travel Agencies	Region				Sex		Type of Agency		1983 Sales		
		East	Mid-west	South	West	Male	Female	Mainly Commercial	Mainly Pleasure	Under $1,000,000	$1,000,000-$2,999,999	$3,000,000 and Over
Base	397	87	92	115	103	195	198	112	219	85	130	112
	%	%	%	%	%	%	%	%	%	%	%	%
Flights												
Book 8:00 flight on another airline	81	92	79	75	81	80	83	84	81	80	85	79
Book 8:30 flight on preferred supplier	9	2	11	12	10	10	8	5	11	13	9	7
Other procedure (vol.)	7	6	5	8	7	7	7	6	7	5	3	13
Cruises												
Book on eight-port cruise on another line	71	68	68	73	74	71	71	71	67	75	77	65
Book on six-port cruise on preferred supplier	15	16	16	14	15	15	15	19	17	15	12	21
Other procedure (vol.)	9	13	8	9	8	8	10	4	12	6	8	10
Car Rental												
Book the company with requested cars	81	84	82	81	80	78	85	83	78	85	85	76
Book preferred supplier	10	7	8	10	14	12	7	9	12	7	9	12
Other procedure (vol.)	6	9	7	6	4	7	6	7	7	4	5	11

Participation in Professional Activities

Participation in professional activities varies considerably. While a large majority (77%) attend trade meetings at the local level at least somewhat frequently, only 40% attend national and 26% attend international trade meetings this frequently.

Frequent participation in ICTA training programs and ASTA workshops is reported by 37% and 41%, respectively. Only the high-volume (1983 sales of $3,000,000 or more) agency owners stand out as being frequent participants in ASTA workshops—over 50% participate very or somewhat frequently.

Very large majorities (ranging from 91% to 97% across subgroups) say they read trade journals frequently.

Detailed findings are presented in Table 7-12.

Table 7-12 **Participation in Business and Professional Enhancement Activities**

Q.: How often do you (READ EACH ITEM)—very frequently, somewhat frequently, not very frequently, or not frequently at all?

	Total Travel Agencies	Region				Sex		Type of Agency		1983 Sales		
		East	Mid-west	South	West	Male	Female	Mainly Commercial	Mainly Pleasure	Under $1,000,000	$1,000,000-$2,999,999	$3,000,000 and Over
Base	500	109	112	148	131	250	244	138	276	111	165	127
	%	%	%	%	%	%	%	%	%	%	%	%
Read trade journals												
Very frequently	81	90	73	80	82	83	80	86	79	84	81	80
Somewhat frequently	13	7	19	11	15	12	15	11	15	10	13	17
Not very/not frequently at all	5	2	6	9	3	5	4	3	6	4	6	5
Attend trade meetings at the local level												
Very frequently	42	39	46	45	39	37	47	43	42	46	41	42
Somewhat frequently	35	33	29	34	41	34	36	35	34	33	43	26
Not very/not frequently at all	23	27	24	20	20	28	16	21	23	19	16	32
Participate in management training programs such as those sponsored by the Institute of Certified Travel Agents, known as ICTA												
Very frequently	15	13	16	16	17	12	19	16	17	11	17	19
Somewhat frequently	22	19	20	21	26	21	22	19	22	17	22	26
Not very/not frequently at all	61	66	63	62	57	66	57	64	59	68	60	55
Participate in workshops of the type sponsored by ASTA on managerial skills, such as personnel or financial management												
Very frequently	10	6	13	7	13	8	12	7	12	14	10	11
Somewhat frequently	31	27	25	32	37	32	29	34	30	18	34	43
Not very/not frequently at all	58	66	60	58	51	60	57	58	57	66	56	48
Attend trade meetings at the national level												
Very frequently	10	15	11	9	6	12	7	14	8	7	6	20
Somewhat frequently	30	28	28	30	34	29	32	27	33	31	33	29
Not very/not frequently at all	60	58	60	59	60	59	61	58	60	60	60	52
Attend trade meetings at the international level												
Very frequently	6	8	5	7	5	6	6	5	5	5	2	12
Somewhat frequently	20	20	19	19	23	21	20	21	21	19	20	20
Not very/not frequently at all	72	70	74	73	72	71	74	72	73	73	76	68

Opinions on Airline Deregulation

There are considerable intergroup differences in opinions on airline deregulation. Overall, 5% consider it the best thing that has ever happened to their business, and 21% say it is the worst thing that has ever happened. The majority (71%), however, take a more balanced view, saying both statements are too extreme (Table 7-13).

Although a majority in every group take a balanced view on airline deregulation, those who deal mainly with pleasure travel are more negative than those who deal mainly with commercial travel. Those with 1983 sales of under $1,000,000 are more negative than those with higher 1983 revenues. Interesting regional differences are evident, with respondents in the East having the most negative view and respondents in the West having the least negative view on airline deregulation.

Table 7-13 **Opinions on Airline Deregulation**

Q.: In general, how do you feel about airline deregulation—would you say it's the *best* thing that ever happened to your business, the *worst* thing that ever happened to your business, or would you say that both statements are too extreme?

		Region				Sex		Type of Agency		1983 Sales		
	Total Travel Agencies	East	Mid-west	South	West	Male	Female	Mainly Commercial	Mainly Pleasure	Under $1,000,000	$1,000,000-$2,999,999	$3,000,000 and Over
Base	500	109	112	148	131	250	244	138	276	111	165	127
	%	%	%	%	%	%	%	%	%	%	%	%
Best thing that ever happened	**5**	**4**	**5**	**7**	**4**	**7**	**3**	**7**	**5**	**5**	**2**	**9**
Worst thing that ever happened	**21**	**29**	**21**	**21**	**14**	**18**	**24**	**14**	**24**	**30**	**19**	**20**
Both statements are too extreme	**71**	**65**	**71**	**70**	**79**	**73**	**70**	**75**	**70**	**62**	**75**	**72**

Demographic and Background Information

Membership in ASTA and ARTA is strongest in the East and West and weakest in the Midwest. More respondents are members of ASTA than are members of ARTA. Table 7-14 presents information on membership in trade associations and consortia.

Information on the size and scope of business at respondents' travel agencies is presented in Table 7-15.

Overall, the most prominent differences are between male-owned and female-owned agencies, with the latter group, on the average, being smaller in terms of both employee size and gross revenues. On the average, female-owned agencies are open fewer hours and are a little less likely to deal mainly with commercial business than male-owned agencies. They are also less likely to be members of consortia.

Table 7-16 presents information on such owner characteristics as age, education, length of ownership, and participation in community affairs. Overall, the majority of owners are in the 30-49 age range, have college degrees, have owned their business for five years or less, and are active in community affairs.

On the average, the men tend to be older and somewhat better educated than the women. The men have also owned their business longer than the women have.

Table 7-14 **Affiliation with ASTA, ARTA, and Consortia**

	Total Travel Agencies	Region				Sex	
		East	Mid-west	South	West	Male	Female
Base	500	109	112	148	131	250	244
	%	%	%	%	%	%	%
Membership in ASTA							
Is a member	65	68	54	64	73	64	65
Not a member	34	31	46	34	26	36	33
Membership in ARTA							
Is a member	21	25	10	21	27	21	21
Not a member	77	73	89	77	70	78	77
Membership in Consortia							
Is a member	27	45	29	19	21	33	22
Not a member	71	54	70	80	78	66	76

Table 7-15 Size and Scope of Business

	Total Travel Agencies	Region				Sex	
		East	Mid-west	South	West	Male	Female
Base	500	109	112	148	131	250	244
	%	%	%	%	%	%	%
Number of Hours Business Is Open for Servicing Customers							
35 hours or less	6	7	7	3	6	7	5
36-47 hours	57	46	46	64	67	45	69
48-60 hours	32	38	39	30	25	40	24
61 hours or more	4	9	4	1	2	6	2
Number of Full-Time Employees							
5 or fewer	56	60	50	56	58	40	72
6-10	22	17	28	22	22	28	16
11-50	18	17	17	19	18	25	11
51 or more	4	7	4	2	2	7	1
Number of Part-Time Employees							
None	22	19	27	24	18	24	20
1-3	52	50	50	55	52	48	56
4 or more	25	31	21	20	28	26	23
Gross Revenues in 1983							
Under $1,000,000	22	15	24	23	26	14	31
$1,000,000-$2,999,999	33	39	29	28	37	36	29
$3,000,000-$4,999,999	10	12	11	9	7	11	8
$5,000,000-$9,999,999	9	9	12	9	5	12	5
$10,000,000 and over	7	8	12	4	5	10	4
Sales From Pleasure Travel							
50% or less	45	43	47	45	44	46	43
More than 50%	55	57	53	55	56	54	57
Sales From Commercial Travel							
50% or less	72	75	69	77	68	68	77
More than 50%	28	25	31	23	32	32	23

Table 7-16 Characteristics of Owners

	Total Travel Agencies	Region				Sex	
		East	Mid-west	South	West	Male	Female
Base	500	109	112	148	131	250	244
	%	%	%	%	%	%	%
Age of Owner							
18-29 years	6	5	9	5	6	7	5
30-49 years	60	60	61	63	55	55	64
50-64 years	30	34	27	25	35	34	26
65 and over	3	2	3	3	3	3	3
Education of Owner							
Some high school or less	1	2	–	1	–	3	–
High school graduate	16	16	18	16	15	7	25
Some college	28	31	28	28	27	22	34
Four-year college graduate or more	55	51	54	55	58	69	40
Have Owned Business:							
2 years or fewer	29	21	27	33	33	23	35
3-5 years	25	21	17	30	29	22	28
6-9 years	21	19	32	15	18	22	19
10-14 years	15	21	13	14	12	19	11
15 years or more	11	18	11	8	8	14	8
Participation in Community Affairs							
Very active	29	23	35	29	29	33	25
Somewhat active	34	32	31	41	28	30	36
Not very active	26	29	21	24	31	25	27
Not active at all	11	16	12	5	12	12	10

Appendix: Survey Method

Sample
Samples were drawn, using a random sampling method, from industry lists obtained from the following sources:

- Automotive jobbers: list supplied by Irving Cloud Publishing to the magazine, *Jobber Topics*.
- Hardware industry: list supplied by The National Retail Hardware Dealers Association.
- Precision metalworking industry: list supplied by The National Tooling and Machining Association.
- Travel agencies: list supplied by Todd Travel Promotions.

The regional and size of place distribution of the samples is presented in Table A-1.

A-1 Distribution of Samples

	Automotive Jobbers	Hardware Industry	Precision Metalworking Industry	Travel Agencies
Base	500	502	502	500
	%	%	%	%
Region[1]				
East	22	20	33	22
Midwest	30	43	45	22
South	35	25	17	30
West	13	13	6	26
Size of Place				
Central cities	30	16	47	48
Surrounding metropolitan areas	29	30	44	41
Towns/rural areas	41	54	9	11

[1]Definition of regions:

East: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Washington, D.C., West Virginia.

South: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia.

Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin.

West: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming.

Interviewing

Interviews were conducted by telephone from February 22, 1984, to March 13, 1984. All interviewing was done on weekdays between 9:00 a.m. and 5:00 p.m., local time.

Up to three attempts were made to reach a selected respondent. Only the owner (or part-owner) was interviewed at each company contacted.

Data Processing

The editing, coding, and data processing of all questionnaires was done by Louis Harris and Associates. Responses to all questions were cross-tabulated against such key variables as region, size of place, age of owner, education or owner, sex of owner, 1983 sales for the business, number of full-time employees, and other key variables appropriate to each industry.

Data for the hardware industry were weighted to achieve appropriate representation of the three NRHA designated categories – namely, hardware stores, home centers, and lumber stores.

Sampling Error

The table that follows indicates the sampling errors associated with reported percentages for a sample of 500 cases drawn from an infinite population. The reader should keep in mind, however, that since the samples in this study were drawn from finite populations, the effective sampling errors in this study would be slightly smaller than the ones listed in the table.

Reported Sample Percentage	Sampling Error (Plus or Minus) at the 95% Confidence Level
50%	4.4
40% or 60%	4.3
30% or 70%	4.0
20% or 80%	3.5
10% or 90%	2.6

Thus, for a reported sample percentage of 70%, the population percentage at the 95% level of confidence will be no greater than 70% plus or minus 4.0 percentage points, or from 66% to 74%.